UB
373
J59
c.1

THE REFERENCE SHELF

REPRINTS OF SELECTED ARTICLES
BRIEFS, BIBLIOGRAPHIES, DEBATES
STUDY OUTLINES OF TIMELY TOPICS

Volume II Number 7

Soldiers' Bonus

JULIA E. JOHNSEN, Compiler

THE H.W. WILSON COMPANY
958 University Ave. New York City

The Reference Shelf

is published to make available when needed good debates, collections of articles, briefs, bibliographies and study outlines, on timely subjects for public discussion. Each number is devoted to a single subject. To make the material available at the ti Each volume) pages in all, a

THE LIBRARY

UNIVERSITY OF MAINE
ORONO, MAINE

re copies of one is

No. riefs, refer-

No.

No. fer., repr.)

No. Briefs, ref-

No. Education)

No. fer., repr.)

No. 7. Enforcement of the Decisions of the Railway Labor Board (Briefs, references, reprints)

No. 8. Ship Subsidies (Briefs, references, reprints)

No. 9. Questions of the Hour. New ed. (Study outline) 50c

No. 10. Ku Klux Klan (Briefs, references, reprints)

No. 11. Repeal of the Prohibition Amendment: Debate, Gen. Ransom H. Gillett vs. Rev. John Haynes Holmes. 50c

The Reference Shelf

VOLUME II. *Contents*

Subscription for volume II. (10 or more issues), $6.00. Single numbers 90c. Ten or more copies of one issue, one-third off, if ordered direct.

No. 1. STATE CENSORSHIP OF MOTION PICTURES (Briefs, references, reprints)

No. 2. PERMANENT COURT OF INTERNATIONAL JUSTICE (Briefs, references, reprints)

No. 3. LEAGUE OF NATIONS (Briefs, references, reprints)

No. 4. FRENCH OCCUPATION OF THE RUHR (Oxford-Bates debate, with briefs, references, reprints)

No. 5. RESTRICTION OF IMMIGRATION (Briefs, refer., repr.)

No. 6. INDEPENDENCE FOR THE PHILIPPINES (Revision of Abridged Handbook)

No. 7. SOLDIERS' BONUS (Briefs, references, reprints)

In Preparation

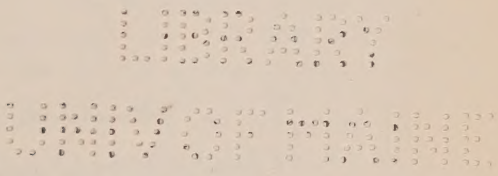
No. 8. POWER OF CONGRESS TO NULLIFY SUPREME COURT DECISIONS

LIBRARY
UNIVERSITY OF MARYLAND

THE REFERENCE SHELF

Volume II Number 7

SOLDIERS' BONUS



Compiled by
JULIA E. JOHNSEN

NEW YORK
THE H. W. WILSON COMPANY
1924

LIBRARY
OF THE
UNIVERSITY
OF CALIFORNIA

Published April, 1924
Printed in the United States of America

INTRODUCTION

The soldiers' bonus, or as its advocates prefer to call it, adjusted compensation, has been one of the most widely discussed questions before legislatures, national and state, since the Armistice following the World War. Every important modern war is followed by problems involving the reintegration of the human factor into civilian life and extra compensatory acknowledgement of services to the nation. The Revolutionary War had its claim of "supplemental pay," the Civil War that of "additional bounty," while the war pension system has become an enormous monument to claims upon the nation of its sometime defenders. In the furnishing of soldiers' insurance during the World War it was the apparent expectation that the country would be free from an augmentation of the past evils that have grown up over post war payments. Scarcely a month after the Armistice, however, on December 5, 1918, the first bill was introduced into Congress for a bonus additional to the $60 allowed on discharge, to assist the soldiers over the difficult problems of readjustment. The fact of there being practically four million five hundred thousand men in uniform at the close of the war made the question involved one of immense social concern.

In the Congress immediately following more than fifty bills were introduced providing for the payment of adjusted compensation in various forms, while in the 66th Congress, 2d Session no less than ninety-one bills and five resolutions were introduced. The American Legion as the direct representative of the veterans and about 80 per cent in favor of adjusted compensation, early entered upon a determined fight for it. At its first annual convention held in November, 1919, it adopted

107343

a resolution favoring it, and soon after, at the request of the Ways and Means Committee of the House of Representatives, committees of the Legion prepared and presented to Congress a plan for compensation which, with the additional feature of adjusted certificates added by the Ways and Means Committee of the House, constituted the five-fold plan which has, with minor changes, formed the basis of legislative bills acted upon. The five-fold plan for adjusted compensation is substantially as follows:

Adjusted service pay at $1 a day for home service and $1.25 a day for overseas, with limits of $500 and $625 respectively, to be applied to any of the following options:

1. Cash, if the amount of service credit is $50 or less.

2. Adjusted service certificate in the form of a paid-up twenty-year endowment policy of 125 per cent of the cash allowance plus interest at 4½ per cent compounded annually, the veteran having the immediate privilege of borrowing 50 per cent of the face value of this certificate.

3. Vocational training aid of $1.75 a day to 140 per cent of the adjusted service credit.

4. Farm or home aid for purchase, improvement, or payments on approved farm, city, or suburban home, to the extent of 125 per cent of the adjusted service credit.

5. Land settlement aid.

The last three options have generally met with more sympathetic consideration, apart from those immediately concerned, than have the plans for a cash bonus or the certificate plan.

The adjusted compensation bill H.R. 14157 passed the House, but died by the adjournment of the Senate on March 4, 1921. On April 11 it was reintroduced into Congress as H.R. 1 and S. 506 with some changes and was reported favorably by the Senate Finance Committee.

Action upon the measure was deferred at the request of the President in a message to the Congress. On January 31, 1922 the Ways and Means Committee of the House opened hearings lasting to February 7th. On March 13th Representative Fordney introduced H.R. 10874, which was passed by Congress in September but vetoed by President Harding on September 19, 1922. An attempt was made to overrule the veto, the House voting 258 to 54 to override it, but it failed to carry in the Senate, lacking four votes of the necessary two-thirds. Congressional action since then has been blocked, in particular by consideration of and a filibuster on the ship subsidy bill, November 9, 1922 to February 28, 1923, and by present consideration of taxation measures. At the present writing there are a number of bills before Congress awaiting an opportune time for further action, including the Curtis bill, S. 2309, in the form sponsored by the American Legion.

In addition to proposed Federal legislation the question of adjusted compensation has been considered by practically every state legislature and many of them have granted a bonus or compensation in some form to ex-soldiers.

The present number of The Reference Shelf, in keeping with the established precedent for debate publications, offers material especially selected for debaters, but with consideration, also, for the general reader wishing general, impartial, and compact information. Material is arranged in general, affirmative, and negative order. Briefs, and a bibliography are included.

JULIA E. JOHNSEN

February 14, 1924

BRIEF

RESOLVED: *That Federal legislation should be passed authorizing a soldiers' bonus, or adjusted compensation, for veterans of the World War.*

AFFIRMATIVE

A soldiers' bonus in the form of adjusted compensation should be authorized.

I. It is called for.
   A. It is a moral obligation to make up to the soldiers for their sacrifices.
      1. They have not been generously treated since the war.
         a. The $60 given at discharge was painfully inadequate for readjustment.
         b. The United States employment service was withdrawn.
         c. Their old jobs were not open to them as promised.
      2. Many of them need the proposed bonus.
         a. They have not fully recovered from their economic disadvantage.
            (1) They are unemployed or have poorer jobs than formerly.
            (2) They have to contend with debt, lack of advantages, etc.
      3. The nation owes such acknowledgement of its appreciation and gratitude.
         a. In many cases the soldiers are disillusioned and resentful, feeling their sacrifice has been in vain.

(1) The fine idealism they fought for has not been sustained in the social order.

b. The nation should not permit its return to materialistic conditions to imply indifference to the spirit of patriotism and loyalty shown.

c. No pay is too great for the services they gave the nation.

(1) Their work was arduous and dangerous.

(2) They were in many cases conscripted, not given voluntary choice.

d. The obligation is as great as though it had been provided for during the war.

(1) The soldier had no thought for bargaining, but only for service.

4. A bonus is right in principle.

a. It is not a gift but an adjustment of compensation for services given.

b. It is not mercenary.

c. The bonus is a recognized practice in the business world.

B. A Federal bonus would be equitable and just.

1. It would tend to equalize the sacrifices sustained during the war.

a. There was great financial inequality during the period of the war.

(1) The soldier received only $1 per day and keep.

(2) Those remaining at home received unprecedentedly high remuneration.

b. The soldiers in many cases gave up lucrative positions and chances of promotion, while those at home secured the pick of economic advantages.

c. Discomforts and hardships were the lot of the soldier, while civilians enjoyed a higher standard of living than ever before.

d. Those who were taken were the pick of manhood, while those who remained and profitted were in many cases those less deserving.

e. Enormous profits were allowed to accrue to corporations and individuals.

2. He is forced to share the expense of the war now and in the future and pay his proportion of the debt incurred and the profits earned in his absence by others.

C. The principle of extra compensation to veterans has been everywhere recognized.

1. In other wars.

a. The greatest men of American history, Washington, Lincoln, Generals Grant, Lee, Sherman, Sheridan, Admiral Farragut and others received compensation for services in wars.

2. Other countries have adopted compensatory measures.

a. Great Britain, Canada, New Zealand, Australia, France, Belgium, and Italy were liberal in post-war payments.

b. Canada and Australia made payments to veterans while they were awaiting employment.

3. The majority of states have granted compensation, thus recognizing that there was an obligation to the soldiers.

D. There is adequate demand for such legislation.
   1. Veterans' organizations desire it.
      a. Nine organizations representative of ex-service men and women, comprising a membership of one and one-half millions, have passed resolutions endorsing it.
   2. It has been approved by state legislatures, state governors, national House, and Senate.
      a. Twenty-three state legislatures petitioned Congress to enact it, and twenty-two acted favorably upon state legislation.
      b. The governors of thirty-three states called upon Harding to approve the bonus bill.
      c. The House and Senate have approved it several times by majority vote.
   3. Polls taken indicate public approval.
      a. People in many states have approved a bonus measure by referendum or direct vote.
      b. The Literary Digest poll gave a majority of 22,593.
      c. The Digest's polls of women, and of employees of factories showed majorities for it.

II. A soldiers' bonus would be practicable.
   A. It is financially expedient.
      1. The adjusted compensation bill would cost from $3,330,000,000 to $4,396,000,000 according to estimates of the Secretary of

the Treasury and the Senate Finance Committee.

2. Under the forms of payment proposed, it would not exceed $200,000,000 in any one year, scattered over twenty years.

B. We can afford to pay.
   1. There is a surplus in the treasury.
   2. We have repealed the excess profits tax, giving war profiteers a reduction of more than $450,000,000 taxes.
   3. We have expended millions elsewhere.
      a. War contractors were reimbursed with $5,000,000,000.
      b. A bonus of $240 a year has been and is still being paid to thousands of well-paid employees in government service.
      c. Billions have been paid to the railroads.
   4. Approximately $8,000,000,000 appropriated for the prosecution of the war was saved when the war was ended earlier than had been expected.

C. There are various practicable means of paying for it.
   1. A bond issue.
      a. This could be spread over fifty years and would permit tax reduction.
   2. A sales tax.
   3. Further economies in government under the budget.
   4. A capital levy upon corporations which profited so enormously during the war.
   5. Collection of taxes profiteers have been trying to evade.
   6. War debt interest.
   7. Tariff readjustment for maximum reve-

nue at the ports instead of for maximum domestic prices.

D. The bonus should be authorized with or without a special revenue measure.
   1. Other war measures were passed without providing for means of payment.

III. A soldiers' bonus would be beneficial.
   A. To veterans.
      1. In the majority of cases it would not be wasted but would assist the men
         a. In acquiring homes, farms, insurance, etc.
         b. It would help them to improve themselves in a business or professional way.
         c. It would help liquidate debts and remove present pressing distress.
         d. The loan feature would help avert financial crisis caused by sickness, unemployment, etc.
         e. It will enable many to marry, and assist all to better citizenship.
   B. It would be beneficial to the country at large.
      1. It would promote general prosperity.
         a. Stimulate building and industry.
         b. Lessen unemployment.
         c. Increase efficiency.
         d. Benefit the merchant and manufacturer.
      2. It would not interfere with the help given to the disabled.

NEGATIVE

I. There is no need for a soldiers' bonus.
   A. No obligation exists to grant it.
      1. The nation was entitled to services given.

a. In time of war the government has power over its citizens for war purposes.
b. It is the first duty of all citizens to bear arms in defense of their country.
(1) It is an opportunity to repay the country in return for benefits received from it.

2. The soldiers had no reason to expect additional compensation.
a. The insurance bill of 1917 was meant and accepted as covering all obligation in advance.

B. There is no reason for giving a bonus to all veterans.
1. Few, comparatively, really need it.
a. Those who are able-bodied, have means of their own or are doing well in a business or professional way, etc.
b. The veterans are practically all readjusted by this time.
(1) Five years have elapsed since the Armistice.

2. Many soldiers were distinctly benefitted from the service.
a. In health, disciplinary training, broadening influence of travel, experience and association with his fellows.

3. Many incurred no loss and received no injury.

C. The soldier was generously treated during the war.
1. He was more highly paid than the soldiers of any other leading nation.
a. He received $30 a month plus all expenses.

(1) There is no assurance the majority could have done better in civil life.

b. He received various other benefits.

(1) Allowances for dependents, medical attention, insurance at less than civilian rates, protection of property against civil action, physical, mental and technical training, and a bonus of $60 when mustered out.

D. America's first duty is to the disabled, and she is treating them liberally.

1. They receive hospital care and treatment, vocational training, out-hospital treatment, compensation, and the right under certain conditions to a place in a soldiers' home.

E. The country has already paid to veterans of the World War a sum larger than the combined bonuses paid by Great Britain and France.

1. States have paid or authorized to be paid bonuses in various forms totalling $380,600,000.

2. The bonus paid by the Federal government to veterans on discharge aggregated $270,000,000, giving a total of $650,600,000.

F. Those at home underwent many sacrifices also, and had to contend with the increased cost of living.

G. The fact of profiteering during the war and after is no reason why the soldiers should adopt a like example.

H. There is no adequate demand for it.

1. The demand comes from a highly organized and active minority.
2. More than a majority of the ex-soldiers are either indifferent or opposed.
3. Business men's organizations, through the United States Chamber of Commerce, voted 72 per cent against the cash or certificate plans.

II. A soldiers' bonus would be impracticable.
   A. It would be financially inexpedient.
      1. The cost would be enormous.
         a. Estimated costs have been placed variously at $1,600,000,000 to $5,250,000,000.
         b. The certificate plan, if adopted, would multiply by several times the amount eventually paid.
      2. It would mean heavy taxation.
         a. In the long run it could be paid only out of money collected in the form of taxation.
            (1) No other practicable plan has been advanced for meeting the obligation.
         b. Our tax burdens are already heavy.
         c. According to Secretary of the Treasury Mellon, no tax reduction would be possible for many years under a bonus, but rather an increase in taxation could be looked for.
   B. It would be impossible to adjust compensation adequately and equitably.
      1. The losses, hardships and privations of the veterans were beyond financial compensation.
      2. No equitable standard of adjustment has

been set. No attempt can be made to adjust the bonus to

a. War wages of civilians.
   (1) All degrees of wages were earned, from compensation of unskilled laborers to that of high experts.
b. Differing grades of pay among veterans who would be entitled to compensation.
c. Varying financial losses of the soldiers.
d. Equalize compensation between those who received or failed to receive state bonuses.

III. Its effect will be injurious rather than beneficial.
   A. It will not benefit the soldiers themselves.
      1. It will react upon them.
         a. They will help to pay it out of their own pockets.
         b. In the end they will lose more than they gain.
      2. Much of it will be spent thoughtlessly, leaving them as badly off as before.
         a. No provision has been offered for the use of the money for constructive purposes.
   B. It would be injurious to the country.
      1. It would interfere with general prosperity.
         a. It would increase taxation and add to the public debt, and thus would tend to
            (1) Increase the cost of living.
            (2) Disturb industry and commerce.
            (3) Intensify unemployment.

2. It will withdraw from productive labor during availability many upon whom the country is dependent.

C. It would jeopardize the interests of the injured and disabled who have first claim.

D. The demand is demoralizing and debasing.
   1. It is mercenary.
   2. It encourages political corruption.
   3. It cheapens patriotism.

E. Any bonus is only an entering wedge for others, and for pensions that will eventually aggregate more than we can at present conceive.

F. We can help the soldiers to better all-around advantage in other ways.
   1. By overcoming any remaining unemployment and restoring soldiers to industry at good wages.
   2. By providing in individual cases for soldier entry into reclaimed lands, home building, vocational education, etc.

BIBLIOGRAPHY

Articles starred (*) have been reprinted, wholly or in part, in this volume.

Bibliography

United States. Library of Congress. List of references on soldiers' bonus. 10p. typw. Jan. 10, 1922.

General References

Books, Pamphlets and Documents

*Chamber of Commerce of the United States. Referendum no. 38 on legislation for veterans of the World war. 22p. Mills Building, Washington, D.C. Jan. 7, 1922.

Congressional Record. 62: 4351-4484. Mr. 23, '22. Debate in House.

Glasson, William H. Federal military pensions in the United State. 305p. Oxford University Press. New York. 1918.

James, Marquis. History of the American legion. 320p William Green. 627 W. 43 St., New York. 1923.

See Index.

*National Industrial Conference Board. Soldiers' bonus or adjusted compensation for soldiers. Special report no. 24. 46p. 50c. 10 E. 39th St., New York. 1923.

*National Industrial Council. Bul. no. 41. Soldiers' bonus. 5p. 50 Church St., New York. April 5, 1921.

New York Times. Index. *See* U. S. army, bonus. 1920-1923.

Phelps, Edith M., and Johnsen, J. E. eds. Soldiers' bonus. *In* University debaters' annual, 1922-1923. p. 53-85. H. W. Wilson Co. New York. 1923.

United States. House. Committee on Ways and Means. Soldiers' additional compensation. Hearings on H.R. 9093. 70p. 66th Cong., 1st Sess. Sept. 29, 1919.

United States. House. Committee on Ways and Means. Soldiers adjusted compensation. Hearings. 789p. 66th Cong., 2d Sess. Government Printing Office. 1920.

United States. House. Committee on Ways and Means. Soldiers' adjusted compensation. Hearings on H.R. 1. 67th Cong., 2d Sess. 248p. Jan. 31, Feb. 1-7, 1922. Government Printing Office.

United States. House. Committee on Ways and Means. Soldiers' adjusted compensation. Hearings on H.R. 10874. 35p. Mar. 14, 1922. Government Printing Office.

United States. House. Committee on Ways and Means. Soldiers' adjusted compensation. Report no. 804. 67th Cong., 2d Sess. 12p. Mar. 16, 1922.

United States. Senate. Committee on Finance. Soldiers' adjusted compensation. Hearings. 67th Cong., 2d Sess. 15p. May 19, 1922. Government Printing Office.

United States. Veterans' Bureau. Annual report, 1922. 659p. Government Printing Office.

Periodicals

American Legion Weekly. 4:9, 20-1. N. 3, '22. Nineteen states and the obligation of compensation.

American Legion Weekly. 4:5-7+. D. 8, '22. How Buddy has fared in the race for a living. Thompson Mitchell.

American Political Science Review. 16:455-60. Ag. '22. Soldiers' bonus. Walter F. Dodd.

Annalist. 19:122-4. Ja. 16, '22. Soldiers' bonus in popular legislative program. Rodney Bean.

Annalist. 22:659-60+. N. 19, '23. Secretary Mellon on the reduction of taxes and the soldiers' bonus.

Commerce and Finance. 12:2153. N. 21, '23. Tax reduction and the soldiers' bonus.

Commercial and Financial Chronicle. 114:686-7. F. 18, '22. President Harding says sales tax provides only feasible plan for soldier bonus; views in Congress regarding soldier bonus and President Harding's proposals.

Congressional Digest. 1:5-16. Je. '22. Soldier bonus controversy.

Current History Magazine, New York Times. 13:136-8. O. '20. Bonuses paid to Canadian soldiers. William Banks.

Economic World. n.s. 22:307. Ag. 27, '21. Expenditures of the states in aid of World war veterans.

Literary Digest. 64:67, 71. Ja. 31, '20. Australia's generosity to her returned soldiers.

Literary Digest. 64:18. F. 28, '20. War-veterans ask $1,900,000,000.

Literary Digest. 64:28-9. Mr. 20, '20. For and against the army bonus.

Literary Digest. 65:32-3. My. 15, '20. Painless extraction of bonus taxes.

Literary Digest. 67:21-2. N. 27, '20. War-bonuses in twelve states.

Literary Digest. 70:10-11. Jl. 9, '21. If the soldier gets his bonus.

Literary Digest. 70:7-9. Jl. 30, '21. What the country thinks of shelving the bonus.

Literary Digest. 72:7-9. F. 11, '22. Bonus and the taxpayer.

Literary Digest. 72:7-9. F. 25, '22. Bonus becoming a big political issue.

Literary Digest. 73:9-11. Ap. 8, '22. Bonus bill in no man's land.
Literary Digest. 74:7. Jl. 15; 7-8. Jl. 22; 7. Jl 29; 13. Ag. 5; 7. Ag. 12; 10. Ag. 19; 11. Ag. 26; 15. S. 2; 14. S. 9, '22. Digest's vote on the bonus.
Literary Digest. 79:14. N. 3, '23. Next round in the bonus fight.
Literary Digest. 79:7-9. N. 24, '23. Tax reduction, or bonus?
Literary Digest. 79:5-8. D. 8, '23. For and against the bonus.
National Municipal Review. 9:629-33. O. '20. Soldier bonus legislation in the United States. Ruth Montgomery.
National Municipal Review. 10:71-2. F. '21. Results of soldier bonus referenda. Ruth Montgomery.
Outlook. 124:741. Ap. 28, '20. Soldiers' bonus.
*Outlook. 125:18-20. My. 5, '20. What of the soldiers' bonus? Louis B. Blachly.
Outlook. 130:326-8, 332-4. Mr. 1, '22. Battle of the bonus; bonus of halo? a poll of the press.
*Outlook. 130:419-22. Mr. 15, '22. Battle of the bonus.
Outlook. 132:181-2. O. 4, '22. Bonus, the President, and the Legion.
Outlook. 135:526-7. N. 28, '23. Candidacy and the issue.
Review. 2:458. My. 1, '20. Bonus; woman's view of the bonus.
Review of Reviews. 60:622-6. D. '19. Education as war's reward. Fred L. Holmes.
Savings Bank Journal. 4:767. D. '23. States' billion dollar bonus.
Survey. 44:204-5. My, 8, '20. Bonus project.
Survey. 45:755-8. F. 26, '21. Soldier's bonuses: state and federal. William H. Glasson.

Affirmative References

American Legion. Adjusted compensation. *In* Reports to the fifth annual convention. Division III, p. 8-23. Oct. 15-19, 1923.

American Legion. Summary of proceedings of the fifth national convention, San Francisco, Cal. Oct. 15-19, 1923. 51p.

American Legion. National Legislative Committee. Report to the fourth annual convention. 224p. Oct. 16-20, 1922.

American Legion Weekly. 3:10-12, 21. Jl. 29, '21. Mr. Harding and compensation; Is adjusted compensation practicable? (Senator) Jones.

American Legion Weekly. 3:7-8. S. 9, '21. Compensation and a nation's honor. Arthur Capper.

American Legion Weekly. 3:5-6. N. 25, '21. Why I am for adjusted compensation. Silver Button.

American Legion Weekly. 3:15, 22. D. 23 '21. Compensation—and a financier. Hanford MacNider.

American Legion Weekly. 4:8, 23-4. Mr. 17, '22. Yes, compensation can be paid. A. Piatt Andrew.

Brotherhood of Locomotive Firemen and Enginemen's Magazine. 71:6. Ag. 1, '21. Soldier bonus bill.

Congressional Record. 57:955-8. Ja. 2, '19. Soldiers' bonus. George Huddleston.

Extracts: *Congressional Record. 65:1531-2 Ja. 26, '24.

Congressional Record. 59:9061-3. My. 7, '20. Bonus question. James H. Sinclair.

Congressional Record. 62:4053-61. Mr. 17, '22. Soldiers' bonus. James A. Frear.

Congressional Record. 62:8623-6. Je. 13, '22. Adjusted compensation for World war veterans. John B. Kendrick.

Congressional Record. 62:11673-8. Ag. 23 '22. Compensation of World war veterans. Porter J. McCumber.

Congressional Record. 62:11886-7. Ag. 29, '22. Compensation of World war veterans. Arthur Capper.

Congressional Record. 62: 12599-601. S. 14, '22. Veterans' adjusted compensation. James A. Frear.

Congressional Record. 62: 13026. S. 20, '22. Statement in favor of adjusted compensation for ex-service men.

*Congressional Record. 63: 274-7. N. 27, '22. Address. William G. McAdoo.

*Congressional Record (current). 65: 470-2. D. 20, '23. Adjusted compensation for World war veterans. Kenneth McKellar.

*Congressional Record (current). 65: 697-8. Ja. 8, '24. Tax reduction and the bonus. Royal S. Copeland.

Also sparate. 20p. Government Printing Office, Washington, D.C.

Congressional Record (current). 65: 1036-7. Ja. 16, '24. Adjusted compensation of World war veterans. George P. McLean.

Congressional Record (current). 65: 1135-6. Ja. 17, '24. Editorial from Chicago Daily Tribune.

Congressional Record (current). 65: 1404-7. Ja. 24, '24. Soldiers' bonus and tax reduction. Kenneth McKellar.

*Current History Magazine, New York Times. 16: 545-50. Jl. '22. Bonus for ex-soldiers. Hanford MacNider.

*La Follette's Magazine. 13: 162-3, 166-7. N. '21. Soldier's compensation and war profits; Profiteers defeat soldier bonus. James A. Reed.

New Republic. 27: 168-9. Jl. 6, '21. Case for the bonus. Richard Seelye Jones.

Outlook. 125: 159-60. My. 26, '20. How they will blow the bonus. Stuart N. Lake.

Survey. 46: 91-2. Ap. 16, '21. Soldier's adjusted compensation. Edward G. Punke.

*Taylor, John Thomas. History of the adjusted compensation legislation. 30p. Special bulletin no. 43.

National Legislative Committee, The American Legion. Woodward Building, Washington, D.C. 1921?

United States. Senate. Committee on Finance. Soldiers' adjusted compensation. Hearings on S. 506. 67th Cong., 1st Sess. 21p. June 2, 1921. Government Printing Office.

Negative References

Bankers Magazine. 104: 209-11. F. '22. Best kind of soldiers' bonus.

Commercial and Financial Chronicle. 114: 454-5. F. 4, '22. Soldier bonus and the courage to oppose it.

Commercial and Financial Chronicle. 114: 1129-31. Mr. 18, '22. Secretary of treasury Mellon sees inflation of currency and credit in soldier bonus proposals—estimated cost of plans.

Commercial and Financial Chronicle. 115: 373-5. Jl. 22, '22. Senator Borah urges let up of taxation burdens carried in bonus and other measures.

*Commercial and Financial Chronicle. 115: 1372-3, 1384-5. S. 23 '22. President Harding's veto of the soldier bonus; Veto of soldier bonus by President Harding.

Congressional Record. 62: 2490-6. F. 13 '22. Adjusted compensation for veterans of World war. William E. Borah.

*Congressional Record. 62: 4030-2. Mr. 17, '22. Soldiers' bonus. Harry B. Hawes.

Current Opinion. 72: 297-301. Mr. '22. Billions for a bonus.

Current Opinion. 75: 526-7. N. '23. Soldier bonus bobs up again.

Economic World. n.s. 19: 615-16. My. 1, '20. Probable effects for the national economy of the various plans for providing soldiers' bonuses. Arthur Richmond Marsh.

Greater New York. 11:1-2. F. 27 '22. Merchants' association of New York denounces the soldier bonus.

Independent. 108:52. Ja. 21, '22. Bonus and allied debt.

Independent. 108:109-10. F. 4, '22. Secretary Mellon on the proposed bonus.

Independent. 108:190-1. F. 25, '22. Bonus, a question of principle, not of finance.

Independent. 180:255. Mr. 11, '22. Bonus flounderings.

On the certificate plan.

Literary Digest. 72:11-12. Mr. 18, '22. Planning a painless bonus.

*Mellon, A. W. Letter from the Secretary of the treasury to the Acting chairman of the Committee on ways and means. 6p. Washington. Nov. 10, 1923.

*Nation. 114:238. Mr. 1, '22. Bonus swindle.

*Nation's Business. 10:20, 21. Ap. '22. Business stand on the bonus. Merle Thorpe; What should we do for the soldier? Elliot H. Goodwin.

New Republic. 22:111-12. Mr. 24, '20. Soldiers' bonus.

*New Republic. 30:157-9. Ap. 5, '22. Crusading for the bonus.

New York Herald. Militant American journalism. Editorials. 36p.

*Open Court. 37:257-67. My. '23. After the bonus, —pensions. Roland Hugins.

Outlook. 128:470. Jl. 20, '21. Bonus and the veteran.

Outlook. 128:511-15. Jl. 27, '21. What the country owes the veteran. William C. Gregg, Ralph R. Perry and Elisha Flagg.

Outlook. 130:398-400. Mr. 8, '22. Financial problem of the bonus.

Outlook. 132:52-3. S. 23, '22. Adjusted compensation.

Review. 2:351. Ap. 10, '20. Justice and the bonus.

Saturday Evening Post. 192:6-7. My. 15, '20. Soldier and his bonus. R. C. Leffingwell.

United States. President. Address to the Senate. 7p. Government Printing Office. July 12, 1921.

World's Work. 40:116-17. Je. '20. Bonus merely a service pension.

World's Work. 43:460-1. Mr. '22. Bonus.

*World's Work. 47:240-1. Ja. '24. Why not fight the bonus on principle?

REPRINTS

CASE FOR THE BONUS[1]

The bonus proposal in its general form was first advanced in 1919, shortly after the release of soldiers from service in large numbers began. The difficult problem of absorbing into an abnormal industrial situation the large body of service men who had been suddenly withdrawn from civil pursuits and who had since adjusted themselves to a markedly different mode of living, created a demand for relief measures of various kinds. To meet the immediate necessities of the soldiers the Federal government granted two month's base pay, amounting to $60, to each service man on discharge from service, and individual states also felt it desirable to make various monetary grants in other ways to assist the veterans. Toward the end of 1920, when the industrial depression brought with it general unemployment, the idea of adjusted compensation on a national scale recommended itself more strongly to many who stood in close relation to the soldiers, as a comprehensive way to improve their situation. It was felt that the cash payments proposed would not only remedy the immediate economic distress of the ex-soldiers but would assist in stimulating industry, while such other features of the bonus proposal as assistance in purchasing farms or homes, would help to establish the veterans in a more stable position in civil life.

Although the changes in economic conditions since then have altered the situation of the ex-service men and resulted in corresponding changes in the form of

[1] National Industrial Conference Board. Soldiers' bonus or adjusted compensation for soldiers. Special report no. 24. p. 7-14. 10 East 39th Street, New York.

the bonus proposal, the plan is still regarded by many as a just and feasible measure to offset in part any disadvantages which the veterans may have suffered in consequence of their war service. The movement for it has gained a wide and well-organized support and the arguments advanced in its favor have become more clearly defined.

The present extent of the movement for the bonus and the grounds on which it is advocated are forcefully and authoritatively presented in a brief prepared for the National Industrial Conference Board in December, 1922, by the National Legislative Committee of the American Legion. This statement of the case for the bonus is reprinted in full in the appendix. The following is a summary of the Legion's brief by the Conference Board, without approval or disapproval on its part.

1. *American public opinion is emphatically in favor of adjusted compensation for soldiers.* This is definitely indicated by the following facts:

a. American veteran organizations and auxiliaries, representing four and one-half million ex-service men, women and their families, and speaking with authority for the unorganized ex-service population, have endorsed the compensation bill.

b. Representatives of the American people in state legislatures, in the House of Representatives and in the United States Senate, as well as the governors of thirty-three states, have declared themselves, explicitly or through their votes, in favor of the bonus.

c. The public generally has indicated its support of the bonus proposal in referenda, national polls, etc., covering various representative classes of the population.

d. In the national campaigns of 1920 and 1922 a majority of the candidates of both political parties pledged their support of this proposal.

e. The Adjusted Compensation Bill was drafted by the American Legion at the request of Congress and has the full approval of all war veterans.

f. President Harding himself is in favor of the principle of adjusted compensation. His veto of the bill passed by Congress was based chiefly on the difficulty of the government in financing the project. As the financial position of the government has improved, the President's view of the seriousness of this difficulty has changed.

g. The country disapproved of the veto of the bonus bill in the elections which followed, by defeating candidates who opposed the bill and electing those who favored it.

2. There is abundant precedent in American history, in the action of European nations, and in the action of the American government since the World War, for paying a compensation to soldiers. This is indicated by the following considerations:

a. The principle of economic readjustment after military service has been an established policy of the American people and was applied in various forms in the French and Indian Wars, the Revolutionary War, the War of 1812, the Black Hawk War and in the Civil War. Notable Americans, as, for instance, George Washington and Abraham Lincoln, have indicated their approval of the principle, either by accepting such gratuities themselves or favoring their payment to soldiers.

b. The associates of the United States in the World War have recognized the financial and economic handicap of their veterans and have attempted to remedy it despite the condition of their national finances, which is more unfavorable than that of the United States.

c. Since the World War the American government has applied the principle of adjusted compensation to Federal employees and those still in service in the army and navy.

d. The American government has recognized this principle also in the payments it has made to the railroads and war contractors in adjustment of losses arising

from their contracts with the government during the war.

e. The bonus proposal is, in general, only part of the adjustments which the American government has had to make as a consequence of the war. The war involved the drafting of soldiers, the raising of loans, the operation of the railroads, and the control of industry, after the war ended. All the important readjustments have been made except those relating to the economic handicaps of the ex-soldiers.

3. Adjusted compensation is likewise necessary and justified in the case of the veteran, to remove the economic handicap incurred as a result of his service.

a. There was a great discrepancy in pay between those in uniform and those in the factory. Nevertheless, the soldier has to bear the burden of the war's expenses equally with those who profited during the war.

b. Compensation will enable the veterans to build their homes, to own farms, to learn a trade or profession, to tide over financial difficulties caused by sickness or unemployment, enable veterans to marry, and will give them a feeling of security for themselves and their families and a sense that the country is grateful for their sacrifice.

c. Four years have elapsed since the war without such adjustment. Further delays may prevent the veteran from realizing the benefits of such a measure.

4. The soldier's claim for such adjustment is an honorable one. He asks no reward for his sacrifices for the country. He has merely done the patriotic duty incumbent on every citizen. His duty and service to the country, however, did not end with his discharge from the army. He is forced to share the general expense of the war now and in the future, and to pay his portion of the debt incurred. His economic handicaps

resulting from the war should be removed so that he may continue to do his share as an American citizen.

5. *The country is able to bear the financial burden of this adjustment.*

a. The compensation bill is so drafted that the payments are spread over a long period and so that an accompanying financial measure is unnecessary.

b. The interest payments on the British debt to America will be more than sufficient to meet the annual cost.

c. The economic condition of the country is vastly improved.

d. The financial condition of the government is constantly becoming more favorable.

e. The banks of the country are prosperous enough to be able to carry the loan provisions of the bill without strain.

In addition to this formal statement of the position of the bonus advocates, numerous statements of considerable force in support of the bonus have been advanced by the American Legion through its official spokesman in Congress and on public platforms, in the Legion's official organ, the *American Legion Weekly,* in various congressional reports and in periodicals. These arguments, in so far as they are not already fully covered by the formal statement of the American Legion, bring out the following important considerations:

In the hour of the country's need the veterans responded to the patriotic call, either as volunteers or through the selective draft, and put their hearts and all their energies into the common defense of the country. In this they stood upon the same level as all American citizens, and they ask no special reward for the sacrifices and hardships which they incurred by virtue of having been selected for the patriotic task of the country's defense. Patriotism cannot and should not be paid for. Loyalty to one's government demands sacrifices of a su-

preme character, and no amount of money could compensate for loss of life or incapacitation to those who suffered these misfortunes.

In the view of proponents of the bonus measure, the soldier however, after the war's emergency has passed, has a claim to be restored to civil life and civil pursuits on an equal level with those who remained at home. Any impairment of his economic position and his opportunity to resume his place and duties as a worker due to the interruption of his normal life, should, it is maintained, be made good to him. It was in most cases a mere chance that selected him for service abroad rather than his neighbor. Any improvement in economic status by which those who remained at home have profited, might just as well have come to him, and the discrepancy between his position on returning and theirs should be wiped out by an adjusted compensation which would put him and his fellow citizens on the same economic plane at the close of the war service.

The justice and necessity of this adjustment should be obvious, it is asserted, from any fair consideration of the veteran's situation during and after the war as compared with that of other citizens. The soldier was removed from his occupation and social life. He received from the government practically only the necessities of existence and was deprived of his usual comforts. More than this, he did not participate in the chance to improve his position, his earnings, his scale of living, which those who remained at home enjoyed. These chances were considerable. During the war, when labor was at a premium, wages rose rapidly and, despite the rise in the cost of living, those who remained at home enjoyed a larger share of the pleasures of life than ever before. Increased earnings made possible increased savings, and many of those at home were able to put by enough to establish themselves in business and purchase their own farms or homes.

As is stated in the American Legion Weekly:[1]

During 1917 and 1918, the years when some five million stalwart young Americans were in uniform at small pay, personal incomes increased enormously. Wages jumped everywhere except in the army and navy, and due to wartime restrictions on luxuries and to the buying of government bonds at liberal interest, savings jumped correspondingly. In [1917] in the $1,000 to $2,000 income class, 1,640,758 persons filed returns; in 1918 the same number dropped to 1,516,938, simply because inflated wages raised tens of thousands of wage earners above that class. This is proved by a glance at returns covering the $3,000 to $4,000 class: 374,958 persons reported incomes of $3,000 to $4,000 in 1917 as against 85,122 persons in 1916, and 610,095 persons in 1918 as against the number in 1917.

The Senate Finance Committee describes the situation in the following words:

In simple, plain English, the purpose of this bill is to give to the soldier who offered his life with his services, a compensation that will more nearly approach that of the laborer who remained at home, secure from danger, and whose compensation increased from 200 to 300 per cent and, measured by the amount of labor actually performed, far beyond those figures.

For many years preceding the Civil War and up until about the time of the World War, the wage of a private soldier was $13 per month. It was estimated that the cost of maintenance of each soldier for food and clothing added to this meager pay brought his wage up to about the average paid for common labor.

During the World War we paid our soldier $30 per month, or $1 per day. A fair estimate of the cost to the government for his maintenance and clothing would be about $2 per day. We might, therefore, say that the private soldier received a compensation for his services equivalent to about $3 per day, which was very much less than that received by the lowest class of labor at home.[2]

The argument then continues that, not only did the war veteran not share in the economic opportunities enjoyed by those at home, but he found himself on his discharge from the army in a worse position than before his service. In many cases he was not able to resume

[1] By Mitchell Thompson. How Buddy Has Fared in the Race for a Living. American Legion Weekly. 4: 5-7. December 8, 1922.

[2] United States. 67th Congress, 1st Session. Senate Report no. 133, accompanying S. 506.

his life where he had left off. Industry had reorganized and adjusted itself to a larger scale of production. Women had taken the place of men in many occupations. Even while industry was going full speed after the Armistice, it was difficult for him again to find a suitable place in it. After enjoying for a brief period the gratification of being regarded as a hero, he found himself without his accustomed place in the scheme of things. At the same time, the cost of living was still rising and what money he could earn disappeared the more rapidly. Finally, when the after-war depression made itself felt in American industry and those who had enjoyed full employment and high wages during the war were added to the ranks of the unemployed, the war veteran found himself at an even greater disadvantage. Unlike those who had been busily working and earning during the war, he had not been able to save anything during his service, but he had to bear the full brunt of the after-war reaction.

Now, although four years have elapsed since the veterans returned, this economic handicap, it is claimed, has not yet been fully removed. In many cases the service man has had to tide over the economic difficulties of the intervening years by depending upon charity of friends or relatives and by contracting loans. It is felt, therefore, that the bonus would not only be a belated expression of the nation's gratitude to the veteran for his sacrifice but would serve in a measure to wipe out the economic inequalities which he has suffered since his return.

To ascertain the facts bearing on the ex-service men's economic status before entering and since leaving the military service, the American Legion sent a questionnaire to two thousand ex-service men selected by lot. Returns were received from seven hundred and fifty-seven men, or 38 per cent of all who had been asked, constituting about one-fiftieth of 1 per cent of all ex-service men. The average weekly pay of these seven

hundred and fifty-seven men in the three months before enrollment in the armed forces of the country was found to have been $34.09; for the entire period since the war it averaged $35.67 and in November, 1922, $38.42. These figures were analyzed by one writer as follows:

> After 3½ years, following many months on small service pay, the average ex-service man has been able to increase his income by $4.33 a week. But taking the post-war period as a whole, he has been able to earn only $1.58 more a week than he was accustomed to earn in the antebellum days when he was considerably younger and less experienced. It is not a heartening achievement from any viewpoint. In analyzing these figures it must be borne in mind that these men are passing through the years of life which bring the greatest development and advancement. Many of them gave up two whole years or more in the service of their country, for the benefit of all. Add all this time together, consider the loss in earnings represented, and then regard $1.58 and $4.33 as sums of remuneration. They are picayune indeed. . . .
>
> In other words, it is plain to be seen that the folks at home earned and saved a great deal of money during the fat years of 1917 and 1918. While the war was on they lived carefully, perforce, what with meatless, wheatless, heatless, and other days of abstinence, and poured their surplus earnings into savings banks and into the government's treasury in return for bonds. But in 1919, the year of demobilization, living costs had risen higher than ever. Then began the great era of spending, that wild indulgence in automobiles and luxuries that set in the moment restrictions were abrogated and which hastened deflation. All this during the months that men just out of uniform were canvassing factories, counting-rooms and offices for jobs.

To the question whether these man had succeeded in overcoming the economic handicap incurred by their military service, 68 per cent of the seven hundred and fifty-seven who responded to the Legion's questionnaire, answered "no" and 26 per cent answered "yes." Only four hundred and thirty-one or 57 per cent of the seven hundred and fifty-seven men responding stated that they had been steadily employed since demobilization; and conversely, three hundred and twenty-six men, including fifty-eight seriously handicapped by disability, claimed not to have had steady jobs, and their average length of unemployment since their military discharge was reported at 8.8 months.

Proponents of the bonus claim that losses which are at all reparable, resulting from the war—the costs of its prosecution, the damage to industry—should be borne by the whole community and repaired by its collective effort and sacrifice. Failure of the nation to recognize this principle might cost the nation heavily by dampening the enthusiasm and patriotic feeling of its citizens in future emergencies. The losses suffered by the service men are part of the losses of the war and, many feel, should be met as other losses of the war are being met. The service men have paid part of their share in the hardships and dangers they endured; for these they ask no compensation. Together they will have, and are willing, to pay their share of the total cost of reparations to the service men, but they do not feel that they ought to bear the burden of their disadvantages alone.

As it is stated in the American Legion publication:

> The common economic losses sustained by the service men are a debt from the nation to them and this should be paid by all our people, as all other war debts have been paid. It should not be allowed to remain a burden upon that element of our people least able to bear it and who themselves bore the military risks of the war.

BONUS FOR EX-SOLDIERS[1]

The word "veteran" has meant the same thing as "old soldier" in the mind of the nation for many years. Both words brought before us the vision of failing and rather venerable old men in carefully preserved blue or gray uniforms of unfamiliar cut, keeping step in parades to the beat of old-fashioned military airs. They had an air about them of remote experiences, and brought with them the memories of a generation passed away.

It came therefore in the nature of a surprise when young fellows, boys by comparison with the traditional

[1] By Hanford MacNider, National Commander of the American Legion. Current History Magazine, New York Times. 16: 545-50. July, 1922.

"veteran," began assuming that title four years ago. If this was a surprise to the people, it was no less to the boys themselves. For the last four years these young and surprising veterans have been struggling to readjust themselves to the changing currents of life in a rapidly changing world. They have been upset time and again, morally, politically and economically; and these upsets have been even more disturbing to them than to their elders, who were likewise shaken about, on account of the youth of the ex-soldiers and the hard experiences they have undergone. Therefore great numbers of them today remain dazed and irresolute, wondering where they stand, having been knocked about a little too much. Of the entire male citizenry of the nation, approximately four and one-half million were in uniform before the end of the World War. Of these some two million saw service overseas. These figures constitute no inconsiderable fraction of the national population, especially when we consider that they represent a rigorous selection of the young and active men of the country. It is not too much to say that they represent potentially the most important part of the population.

It is upon these men that the post-war problems of reconstruction have borne the hardest. Naturally they made the greatest sacrifices during the war and while they were absent overseas or in the training camps the nation at home went through a most rapid series of changes a nation has ever accomplished; thus the service men found themselves out of step when they returned. It is likewise a most important thing that these men, who really constitute the hope of America for this generation, be brought back into the great current of American life as quickly and completely as it can be done. The problem of the young veteran is therefore a problem at least equal in importance to any other question of today. For myself, I believe sincerely that it is the most important of all.

For nearly three years after the outbreak of the

war in Europe the American people regarded the struggle across the water with a certain sense of detachment and isolation. The ocean lay between, and no dust of battle settled on any American hearthstone. The war was a tremendous spectacle; it took the American people a long time to realize that they must eventually take a part in the drama themselves. The war was not brought home to them personally.

With the entrance of America into the struggle came a great change in the lives of those of fighting age. Entering the military service was the most momentous step in the lives of practically all of America's fighting men. The great majority of these were boys just getting started in the struggle of life. They were at the most important formative stage of their careers. The call of the service came to them as a challenge to their sense of curiosity and adventure, as well as an appeal to their sense of duty to their country. On the other hand was the sacrifice entailed in stepping out of the careers they were entering upon, and in many cases the sorrow and anxiety of leaving parents or wives unfitted to carry on without the son's or husband's aid.

With the resiliency of youth the most of them put away all sorrowful considerations and entered the new life of camp and campaign with true American enthusiasm. The carefree enthusiasm of theirs became the greatest factor in building up that moral victory of the Allies that preceded the physical victory. And it bore the American soldiers lightly through the drudgery of long training and the perils and sufferings of active service till the ultimate success was won. But by the time this victory was accomplished the soldier was a changed man. The hard experiences of the service had left a mark on him that those who stayed at home can never fully realize. With the German menace disposed of, his center of interest shifted at once to the civil life at home that he had abandoned on entering the service. Now came the second great change he had to face.

War may be a reversion to the primitive; at all events it stimulates the more primitive aptitudes of mankind. In warfare civilized man is brought to some extent into the old conditions characteristic of the youth of the race, before the days of the present industrial civilization and its resultant complexity of life. The soldier must become the creature of the moment, subject to orders from above, taking no thought of tomorrow, and given over to a life of hard physical exertion. This sort of life develops ardors and endurances of temperament entirely in keeping with its own requirements, but altogether foreign to the requirements of modern social and industrial existence—the conditions, in short, of the factory or business house.

The doughboy with his honorable discharge never stopped to figure all this out, very likely has never figured any of it out articulately to this day. But he did figure out very directly that he had come back into a strange world. It was a world that seemed rather flat to him after the first flush had passed. Moreover, he soon began to think that it was a world tinged with a faint suspicion of hostility. He found men still engrossed with the day's profits instead of the day's perils. He found that he himself expected to step back into the place he had vacated on entering the service, into the calm routine of the farm or the office, and begin the checking up of the old accounts again. He was convinced that the great experiences he had undergone had made a man of him, but soon he began to believe that they had not made of him the sort of man that was in demand in peace-time America. He grew more and more puzzled.

The fact is, he considered himself entitled to some fulfillment of the grand promises of 1917; some word and action from those he had defended. He had gone out in this defense as a boy and had come back a man, hardened and a little estranged by his rough experiences. When he went into the service the nation was in the first flush of a great enthusiasm, and it was taken for

granted on every side that no soldier of America should ever suffer on account of his service for America save as an actual casualty of battle. In those days the statement that "the boys" would be forgotten after the victory would have provoked an instant riot. Promises flew thick and fast. "The old job back or a better one" was the slogan of the day; the American people were engaged in raising the roof. So "the boys" marched off, secure in the idea that their interests would be looked after by those they were fighting to defend.

But forgetfulness is an essential characteristic of all humanity. When "the boys" did come back with victory the mood of the nation had changed. The immediate peril was over, and the moral reaction natural to so great and sustained a moral effort had set in. The war had showered riches on America; profits had trebled in wellnigh every manner of undertaking, and the rewards for business enterprise, for labor and for all production of necessities and luxuries were far above all imaginings of a former day. No wonder, then, with the prizes of the race so near, that the speed of the racers was redoubled. No wonder that the great "boom" brought a sort of dollar madness upon the people.

But it is likewise no wonder that the soldier found this hard to understand. He had gone into the service when the country was greatly exalted spiritually; when he came back he found the country highly exalted—financially. But of the reasons for this change, the steps in between, he knew nothing. He had been busy with other labors.

With a two to four years' handicap in point of time, and with $60 given him by the government—enough to buy a very ordinary outfit of civilian clothing—the service man was turned into this new environment of "business as usual." Let us take a survey of his condition at this moment. If he was a year in service he is now two years behind in civil life, for he stands now where he stood a year ago, and, meanwhile, those who stayed

at home have been going forward for a year; his competitors in civil life have gained a year while he has lost one. Here is a sorry start to begin with.

This man's actual loss in dollars and cents cannot possibly be figured below $840, for the average enlisted man was certainly earning $25 a week, or $1,200 a year, before the war (the average age of those entering the service was twenty-four years), and from this we will deduct the $30 a month or $360 a year he earned in service. If his service covered two years he was out $1,680. To balance this he received board on an average ration allowance of 50 cents a day, or $365 in two years, and less than $100 in clothing at most. Subtract this from $1,680 and you have $1,215. The American soldier paid $1,215 for the privilege of serving America for two years.

This is the irreducible minimum of his loss in actual cash. His loss in potential earning power was vastly greater. At the very outset of his career he gave at least a year to the service of his country, a service which rather disqualified than qualified him for any progress in civil life. It is an unusual man who can make up two years of economic progress lost in his early twenties. The average man will stay two years behind for the rest of his life.

Under these disadvantages the average soldier faced this new America of "business as usual." To his credit be it said that he dived in pluckily and did his best to adjust himself and his endeavors to the changed condition of affairs. He took his old job if it happened to be waiting for him, and if it was already filled by some stay-at-home—as happened so very, very often—he took the next best thing he could get. With the best will in the world he set himself to his own readjustment. He could not altogether understand the changing nation, this new and perplexed veteran, but he could do his best to get back into step. In the matter of morale he was still the man of 1917 in the America of 1919; a pathetic

anachronism, for in that short space of two years the spirit of the nation had changed utterly. How completely he was out of step may be appreciated from his first official statement concerning his problems—a resolution adopted by the American Legion in its national convention in Minneapolis in November of 1919. The resolution reads: ". . . The American Legion recognizes that our government has an obligation to all service men and women to relieve the financial disadvantages incident to their military service—an obligation second only to that of caring for the disabled and for the widows and orphans of those who sacrificed their lives, and one already acknowledged by our Allies, but the American Legion . . . leaves with confidence to Congress the discharge of this obligation." In other words, the American Legion was still speaking to the America of 1919 in the terms of idealism of 1917. No wonder such a statement attracted no attention in the year of "business as usual."

Nevertheless, these perplexed new veterans set their hands to the plow. They realized their plight, but still they could not come to believe that others could forget it. That spirit of 1917, which they alone retained, it seemed, whispered to them that they would never be allowed to perish utterly. So they carried on under the second of the two great changes that had shaken their lives—their enlistment in the supreme struggle and their return to "business as usual." They had no foreboding of the third and hardest overturn that was even now upon them.

This overturn came with the economic strain of 1920, when war-inflated prosperity collapsed. The details of this depression need no recounting; the country is just recovering today. To the service man it came as a final blow. As the result of his time spent in the service, when the deflation came on he was generally the junior employee wherever he was working, and, consequently, the first to be let out when business lagged. He found

that the great deflation played no favorites in its pressure on ex-service men, and that brilliant war records were of no avail in keeping the wolf from the door.

The man who went to war for America five years ago is pegging along as best he can today, a puzzled and discouraged man. He knows that he rendered a great service to the nation and to the world, and in return for that service he has suffered much hardship and personal loss. And if he endeavors to bring this to the attention of the nation he is straightway rebuked as an unscrupulous despoiler of the treasury.

WHAT OF THE SOLDIER'S BONUS[1]

Some of us feel that we are entitled to a part of that money which others made but which we lost by our service in the army. We deserve to get back part of what we might have earned if we had not been fighting at "thirty per." But this claim has certain objections. Universal danger demands universal service, and no state is capable of giving up the productive effort of millions of its best producers and at the same time paying them in full for the services rendered. We can never expect to get back the money sacrificed in those stirring times. Many of us had the choice of staying at home and earning high wages or accepting the greater compensation found in fighting a just cause for our country. We chose the latter course freely and without reservations. It is poor sportsmanship now to forget all those high purposes for which we entered the game and claim that we should or can be paid in dollars and cents for that service. That is impossible. The real reason that many of the soldiers claim a bonus lies deeper than this.

Then there is another class, smaller than the above, which demands compensation for the physical hardships

[1] By Louis B. Blachly. Outlook. 125: 18-20. May 5, 1920.

or the mental anguish they suffered as soldiers. For those who fought in the trenches and suffered injuries we are in the mood to grant almost anything they might ask. But for the others it is somewhat different. It is as if a group of men had volunteered to fight a fire which threatened to engulf their homes, had done good work and perhaps saved much property and many lives, and then demanded that they be paid money for the hardships they experienced in saving their own homes. The community might out of charity aid the unfortunate, but that help could never be on the basis of a bonus for their heroism.

There is still another group—which probably outnumbers all the rest—consisting of those who say that so long as the government has money which is going to be passed around, they want their share. And they are absolutely right. If there is one thing which a fellow learned in the army—if he had not already learned the lesson—it is that every man must look out for himself. If he does not grab the biggest piece of pie at the mess-table, somebody else will. It is this class which makes the bonus proposal in the slightest degree possible. There is a large enough class of self-interested propagandists to keep the matter actively before the public until it becomes a common feeling that some such money is going to be "divvied up." Then those who mean to get their share of the booty come to the rescue and create enough pressure to put the thing over. That tendency is already beginning to make itself felt. The papers are telling of certain sections which are gradually swinging around to an indorsement of the bonus plan. But here let it be noted that if this class simply thought the thing out and realized the grave consequences involved they would actively oppose such a measure. The success or failure of any bonus scheme rests upon the attitude of this large group.

The last group—or perhaps it should be the first—is composed of those who are hard up or just plain

"broke." This class is the one which is really justified in demanding some immediate action. So far the government has done mighty little for them. It has, if anything, actually worked against their welfare. The only means which existed to relieve the situation on demobilization—the employment service—was abolished by Congressional action, or rather inaction. And the government put nothing in its place. Instead, the ex-soldiers have been largely left to shift for themselves as best they might. The way these men feel is pretty well expressed in a recent letter to the New York "Times" by an "ex-Buck." He says:

> I don't believe that any ex-service man expected any other recompense than his regular pay and the promised $60 but the government's attitude of "Now I'm through with you—the devil with you," has made most of us (at least I know it is so in my case) ready to grab whatever we can get out of it.

Not only has the government failed to retain the machinery by which these soldiers could obtain profitable employment, but it has utterly failed to undertake any substantial measures to provide work for the soldier, which he must have or fall back on begging—and the latter is just what he is doing now in demanding the bonus. But don't blame the soldier.

But we should not forget that the demand of the ex-soldiers has a sound basis—even though the remedy which they propose is fraught with such grave consequences. If pensions are not given, there must be some measures enacted in their stead. The rank and file ask only a "fair shake," a reasonable chance to make up for part of the time they lost. But they feel that their interests and their needs have been ignored too long. They would like to ask our lawmakers certain questions —and they want these questions answered.

What happened to the proposal of ex-Secretary Lane for reclamation and settlement of land by returning soldiers? What has happened to the employment service through which the government—which took the soldier

from his job—should have replaced him? What has happened to business reconstruction, which should have been aided by ratification of the treaty, or to those well-laid plans for renewed construction of highways and other public improvements which were to have given the soldiers a chance to earn their living? If we can get Congress to answer these questions to our satisfaction, we will not have to beg the government for a "hand-out."

WHAT CANADA HAS DONE FOR RETURNED SOLDIERS [1]

Since the first men arrived in Canada from overseas there has been a persistent agitation for a straight cash bonus based upon the sum of $2,000 for full overseas service; but this has not been advanced seriously by any of the representative veterans' organizations, and has never found favor with any very large section of the general public. Many of those who formerly advocated this plan now see that it could be at best but a temporary alleviation. At the present moment a very large percentage of the unemployed in Canada are ex-service men who have not come within the purview of any of the plans of reestablishment to be referred to herein. There is in consequence much dissatisfaction.

The total number of men sent overseas in the Canadian Expeditionary Forces during the war was 418,031. Of these approximately 350,000 reached France, of whom 62,496 were killed or died from other causes and 149,733 were wounded.

In order to help bridge over the transition period between war and peace the government continued the payment of an equivalent of military pay and subsistence for a period of from three to six months after discharge, according to the period of service. An un-

[1] By D. M. Le Bourdais. Outlook. 130: 419-20. March 15, 1922.

married private soldier who had served three years or longer was paid $70 a month for six months; if married, $100 a month. For shorter periods of service the bonus was paid for three, four, or five months, in proportion to the length of service. These payments were known officially as War Service Gratuities and cost the country in round numbers around $164,000,000.

For the purpose of assisting in the reestablishment of men who had been wounded, those whose education had been interrupted by the war, or those who wished to receive special technical training, the Department of Soldiers' Civil Re-establishment was created, with a member of the Cabinet at its head. It took over the work previously conducted by the Military Hospitals Commission, the scope of which was increased. In all, 108,061 soldiers were treated in the hospitals and sanatoria maintained by this department. All ex-soldiers were entitled to free treatment for one year after discharge, no matter what the cause of the ailment. In this way 573,199 clinical treatments were given, in addition to those treated in the hospitals. While undergoing treatment all patients received pay upon the basis of $45 a month for a private without dependents and $86 for a man with a wife but no children. Additional allowances were paid for children, and free clothing where necessary. In the case of out-patients special subsistence was granted.

Vocational training for disabled men was organized in 1916. Over fifty thousand men passed through the schools, of whom 36,826 graduated. Pay and subsistence allowances were granted during the period of training. A special employment and follow-up system was established by means of which 72 per cent of the graduates were subsequently employed in the line of work in which they were trained. Subsequent economic conditions have, however, thrown many of these back into the army of unemployed.

The problem of supplying adequate pensions was one

that engaged the attention of the government soon after the commencement of hostilities, and has been a pressing one ever since. The first provisions formulated in 1915 provided for the payment of $264 a year to a totally disabled soldier or to the widow of a soldier killed in action, with proportionate amounts for lesser disabilities. This was found to be woefully inadequate, and the scale has been increased from time to time. At present it is as follows:

Privates to lieutenants, totally disabled:

Single man	$ 900
Married man without children	1,200
Married man with 1 child	1,380
Married man with 2 children	1,524
Married man with 3 children	1,644
Married man with 4 children	1,764
Married man with 5 children	1,884
Married man with 6 children	2,004

Above the rank of lieutenant pensions are graded in accordance with rank. An unmarried captain, totally disabled, receives $1,000; if married, with no children, $1,300. For children the scale of increases is the same as in the case of lieutenants and under. A major receives $1,260; a lieutenant-colonel, $1,560; a colonel, $1,890; a brigadier-general, $2,700. These allowances are all for total disability. Twenty different degrees of disability are recognized, the lowest providing for a payment of $45 a year.

With regard to dependents of deceased soldiers, the widow of a lieutenant or soldier of lower rank receives $720; the widow of a captain receives $800; and so on, up to the wife of a brigadier-general, who receives $2,160. For the first child $180 is allowed, the second $144, and so on. In the case of orphans, one receives $360, two $648—running up to $2,568 in the case of ten orphans.

The administration of the pensions regulation is placed in the hands of a Board of Pension Commissioners. So far approximately one hundred and eleven thousand pensions have been granted, involving a total expenditure of about $115,000,000, or a present annual charge upon the country of about $33,000,000.

An insurance scheme has been instituted whereby returned men are able to secure up to $5,000 of insurance at a very low rate without medical examination. This has been in force only since the war. The latest figures show, however, that only $13,377,500 of insurance has been issued. It is a significant fact that, in spite of the limited number taking advantage of this offer, almost one hundred death claims were presented during the first year that the scheme was in operation.

Returned soldiers are given precedence over other applicants for positions in the Civil Service, and to date 10,104 ex-service men have been appointed to permanent positions and over twenty thousand others have been given temporary employment.

Undoubtedly the most advanced project undertaken by the government of Canada for the re-establishment of the returned soldier is the Soldiers' Settlement Scheme, under which ex-service men who are physically fit and who have had previous farming experience may secure loans from the government for the purpose of buying land or removing encumbrances on land already owned; making permanent improvements thereon; or purchasing live stock, implements, or other necessary equipment. In 1917 all Dominion lands within fifteen miles of a railway were withdrawn from homestead entry excepting by returned men, and the Soldiers' Settlement Board was created with power to extend loans for improvements and the purchase of equipment. The supply of free land not proving sufficiently adequate, however, the scope of the Soldiers' Settlement Board was increased, so that loans could be made for the pur-

pose of purchasing lands privately held. It is now possible for duly qualified ex-service men to secure loans up to $4,500 for the purchase of land, up to $3,500 for the removal of encumbrances, up to $2,000 for the purchase of live stock, and up to $1,000 for the erection of buildings and permanent improvements.

The latest available figures show that 26,701 persons have taken advantage of the provisions of this scheme, involving a total advance of $84,727,243.63, of which $48,766,393.52 was for the purchase of land or the clearance of encumbrances upon lands previously held, $9,701,286.92 for permanent improvements, and $26,259,563.19 for stock and equipment. The lands thus brought under settlement aggregate about five million acres. So far a surprisingly small number of failures have been recorded, but the scheme has probably not yet been in operation sufficiently long to allow of the experience to date being taken as a criterion for the future; but up to the present, at least, the project has met with almost universal approval.

BONUS OR NO BONUS, LEAVE US OUR HONOR[1]

The hearts of many ex-soldiers grow bitter at the pounding of the financial journals and the daily press. "Kill the bonus" is the cry now.

I am one of the A.E.F.-ers who does not want the bonus personally, but, oh, how bitter it tastes to read the "soldier blackmailer" articles, etc., that the sluggish-blooded forgetters are grinding out of the print mills.

Would to God that Teddy were back on earth to crush these people with his eloquence—even if it was to lead us out of getting the bonus!

All the bonus on earth can now never obliterate

[1] By E. B. Sonner, formerly First Lieutenant, A.E.F. Outlook. 130: 120-1. March 15, 1922.

the very bad taste and the bitterness that is the ex-soldier's, for the mud that has been plastered on his name only four short years from the day of his proud glory and home-coming.

The ordinary soldier—who, in fact, is now the ordinary citizen—is dumb in the face of certain facts as follows:

He knows that the army chiefs in France deliberately planned to end the war by overwhelming force about July, 1919.

He knows that his impetuosity and dash, against every tradition of the armies that were fighting before he entered, was the thing that brought the war to a close eight months ahead of schedule, and therefore five or six billion dollars ahead of schedule—a clear saving of that amount or more.

He knows that every country of consequence, no matter how poor, has paid a bonus—witness Canada.

He knows that America has practically all the world's gold.

He knows that she is the world's wealthiest nation.

He knows the government employees and Navy Yard workers—highly paid—have been paid a bonus.

He knows what "law" did to him in New York state when the people voted to pay him a bonus.

No one seems to consider his point of view.

The Harriman National Bank advertises to beat the bonus, the Wall Street Journal calls him a blackmailer, and the financial wizard from everywhere seems to wring his hands like an East Side peddler, and cry, "Don't pay! Don't pay!"

Even we ex-soldiers who do not want the bonus cry, "Shame!" and with disgust and weary hearts look back to 1918 and hope the profiteer slacker is not the ruling publicity getter.

Who will answer the questions of the ordinary soldiers? Why?

America, do not give a bonus if it is best not to do it, but, America, do not let these contemptible quitters plaster the glory we hold in our hearts with gall.

ADJUSTED COMPENSATION FOR WORLD WAR VETERANS [1]

When the late war came on our government drafted the boys, made no contract with them then, but simply took their services and told them it would pay them $30 a month, $15 of which was allotted to dependent relatives and $6 a month of which was to be used to pay insurance, leaving the average boy $9, or about 30 cents a day, and his keep. For this 30 cents a day the boy not only gave his entire service but took three very unusual risks, any one of which was actually worth more than 30 cents a day.

First was the risk of being concentrated in camps, where they were made exceedingly subject to disease. More boys died in camp than died in battle, and this is always so where a large number of persons are congregated together for any length of time.

Next the boys for that 30 cents a day were subjected to transportation across German submarine-infested seas three thousand miles to the scene of the fight. This was an unusual danger and was in itself worth more than 30 cents a day.

Third, when they got to France they went to battle, which was worth more than 30 cents a day. I doubt if any one of us would have voluntarily taken any one of these three risks at 30 cents a day if we could with honor have avoided it.

Indeed, that 30 cents a day was very inadequate pay for what these soldiers had to undergo, to say nothing at all of their fighting for their country. On a question of

[1] By Kenneth McKellar, Senator from Tennessee. Congressional Record (current). 65: 470-2. December 20, 1923.

merit their pay should be readjusted because they certainly did a wonderful work. It is a question of simple justice in the payment of a debt due these boys by the government.

Many contend, however, that to pay the boys more would be "to commercialize their patriotism." I am sure, however, on second thought, any thoughtful person will abandon this argument. Such argument condemns practically the entire American people, because all classes of our citizens, railroads, banks, farmers, merchants, workmen of all kind, got the highest pay in all their history, and perhaps in the history of the world. So, if every one were deprived of what he gained during the war on the theory that it was "commercializing their patriotism," you can easily see where it would lead to. We would have to take away all profits made in the war. The truth is, all those who remained behind made the greatest profits in their history. Merchants, farmers, laborers, corporations of every kind, all made marvelous profits and these profits came directly from what these boys did in the war; and they made only 30 cents a day, while those who remained behind made these enormous profits. When you refuse to pay the boys what is their just due, are you at the same time to take away the profits of all those who during the war "commercialized their patriotism?" Unless you do you cannot be consistent.

I saw in some newspaper some time ago where it was estimated that twenty-three thousand millionaires, some two hundred thousand half millionaires, and maybe twice as many quarter millionaires were created by the war. These boys were getting 30 cents a day while this was going on back home. Remember that these men back home would never have made such profits but for the work of these boys.

Again Congress has fixed the precedent of readjusted pay in three notable cases. During the war the govern-

ment took over the railroads. It took them over, very differently, however, from the way it took over the boys. It fixed the pay of the boys without saying a word to the boys or giving the boys any voice in what their pay should be; but when it took over the railroads it conferred with the officers of the railroads and agreed upon a fixed rental price and this rental price produced one of the largest incomes the railroads had ever made up to that time. When the war was over, however, the railroads came to Congress and wanted a readjustment of their pay, saying they had not been paid enough, and Congress readjusted the pay of the railroads and gave them sums aggregating about $2,000,000,000 additional. No newspaper then said anything about "the railroads commercializing their patriotism." My sense of justice tells me that if it was right to readjust the war pay of the railroads that got so much, it is also equally right to readjust the pay of the boys who got so little, but who did so much.

Again, the government made contracts with all those who supplied the government with war materials during the war. These material men charged such enormous prices that they became commonly known in the country as war profiteers. The prices agreed upon were tremendous, but when the war was over these material men came forward and said their business had been cut off suddenly—notwithstanding such a contingency had been provided for in their contracts—and that they were going to lose great profits unless the Congress readjusted their pay. The Congress did readjust their pay, and paid them a total readjusted pay of something like $700,000,000 in addition to what they had already received. When the pay of the war profiteers was readjusted and increased no complaint was made by newspapers or others that these material men were "commercializing their patriotism." If these material men were entitled to readjusted pay, then certainly it seems to me the boys

who got 30 cents a day should have their pay readjusted. My sense of fairness tells me that this is true, and I am sure when it is considered carefully thoughtful people will be led to the same conclusion.

Again, the government from the beginning of the war has been paying to all its civilian employees with some minor exceptions a war bonus of $240 a year in addition to their regular salaries. It is paying these civilian employees that additional bonus at the present time. Not a protest has ever arisen against the government paying these civilian employees this bonus, amounting perhaps to hundreds of millions of dollars up to this time, and indeed, members of Congress are daily receiving urgent appeals to increase the amounts paid civilian employees. Is it quite fair for the government to pay a bonus to the civilian employees who took no risk and not pay a bonus to the soldiers who took all the risk? Up to date each civilian employee has received an aggregate bonus of nearly $1,500, and yet it is not proposed to pay the soldiers but $500 each.

Besides all this, the United States, after the war was over, loaned huge sums to Great Britain, France, Italy, Belgium, and perhaps other European countries, out of which each of these countries paid to their soliders a bonus. In other words, the United States government has put itself in this remarkable attitude, that it has furnished the money to pay bonuses to the soldiers of other nations, but it declines to pay a bonus to its own soldiers. I am sure that this fact will not commend itself to anyone as being fair to our own soldiers.

It is claimed that the $500 that will be paid is not large enough to be of any real value to the boys. I don't know how others were reared, whether in riches or in poverty, but I can remember when as a boy $500 would have meant fabulous wealth to me and would have enabled me to have obtained the start that I had to obtain by manual labor.

If the government actually owes every boy a readjusted pay of $500, it should pay it to him regardless of what the boy may do with it. If you owe me anything, it is no excuse for you not paying it that I might squander the money after I collected it.

It is next argued that it will increase the burden of taxation. Of course, it must be paid out of taxation, but there is no earthly reason why we should increase the tax burdens of the people. On the contrary, we should lower them. We should reduce our army to what it was before the war, and it was quite large enough then, and the saving would be amply sufficient to pay the bonus as provided in the law that was passed by the Congress the last time, the average yearly payment upon which will amount to less than $100,000,000. Great Britain, with a much more expensive domain to protect, now has a standing army of only about eighty thousand men. We could build less battleships per year, and that would pay the bonus, and it is exceedingly doubtful whether the battleships are now proper methods of defense.

The amount that we collect from Great Britain annually will amply take care of this bonus. France and Italy are also amply able to pay the interest on their debts to us, and if our Debt Funding Commission would do its duty and make a settlement with these nations, collecting the interest, this interest would largely more than pay the bonus. France has the most prosperous people in the world today, and there is not a scintilla of reason why she should not be required to pay the interest.

One of the reasons given by President Harding in vetoing the bonus bill was that the present revenue of the government was not sufficient, and yet during the very year in which he said the revenue was not sufficient to pay out the first $100,000,000 installment on the bonus, the excess of revenues over expenditures, according to Secretary Mellon, is in the neighborhood of $300,000,000.

RESOLUTIONS[1]

The actions of the President of the United States, the Secretary of the Treasury and other political leaders, who were responsible for the delays in the passage of the bill, its ultimate veto and the failure to override the veto in the Senate, were due to several arguments advanced by its opponents.

The first time delay was requested on the ground that Liberty Bonds were from fifteen to twenty points below par; since that time they have risen to par.

The second time delay was urged to enable the government to fund its $7,500,000,000 of short dated debt. That debt has been refunded.

The third time delay was urged to await payment of foreign loans. Of these loans $4,600,000,000 have now been funded, the annual payments upon which will be more than sufficient to meet the cost of the bill.

The fourth time delay was asked because of the calculations that a deficit of $650,000,000 was pending, but this deficit turned into surpluses of more than $300,000,000 for each of the two years after the requested delay was granted.

These official miscalculations of a Treasury Department, hostile to this measure, have amounted to $1,290,000,000 in two years, or more than the $1,136,000,000 which the measure will cost the government for twenty years after its enactment. The fiscal year 1923 ended with a surplus of $309,000,000.

The argument, therefore, that the adjusted compensation measure will be a tremendous strain on our resources is completely refuted; now, therefore, be it

RESOLVED, by The American Legion in National Convention assembled in San Francisco, California, October 18, 1923: That these official actions have sorely tried

[1] American Legion. Summary of Proceedings of the Fifth Annual Convention, San Francisco, California, October 15-19, 1923. p. 49-50.

the faith of the veterans in the government's sincerity of purpose.

That the time has arrived for the acid test of the government's intentions to finally dispose of this measure as it cannot longer delay its passage and retain the confidence of the veterans.

That this measure has been so often brought to the attention of representatives of the people and has been so repeatedly and overwhelmingly approved by them and by the various states in the passage of state compensation acts, that we do not believe it is necessary at this time to restate the reasons for its inherent justice.

The vast majority of the American people are convinced that the justice of the measure is no longer debatable and there but remains to make effective the mandate of the people.

That we do hereby reiterate and repeat each of the resolutions hereinbefore set forth. We do hereby call upon the 68th Congress to redeem its obligation by enacting this, the adjusted compensation measure, in substantially the form before the 66th and 67th Congresses, immediately upon convening in regular session in December, 1923.

BONUS IS JUSTICE [1]

We did not ask these young men if they wanted to go into the trenches and give their lives for their country. We did not, nor could we in time of national peril, consult their wishes in the matter. We took them and sent them out to perform the supreme duty of patriotism. The life of the nation was at stake and it was they who had to save it. We did not ask these men what compensation would be acceptable for the hazardous work we

[1] From speech of William G. McAdoo, ex-Secretary of the Treasury, delivered on Armistice Day, November 11, 1922, at Fullerton, Cal., under the auspices of American Legion Posts. Congressional Record. 63: 274-7. November 27, 1922.

thrust upon them. There was neither individual nor collective bargainings as, of course, there could not be. The Congress arbitrarily fixed their pay and said that a soldier should receive while fighting on the bloody fields of France the sum of $1.10 per day, and while in reserve on American soil, awaiting the call to Europe, $1 per day. In the judgment of Congress it was worth 10 cents more per day to face the enemy's shot and shell and poison gas on the battlefields of Europe than to be in reserve in America. Of this meager compensation the soldier paid almost one-fourth for the life insurance which a grateful nation permitted him to buy at minimum rates. If he was a married man, he was required by law to pay in addition another half of his compensation for the support of his dependent family. The little that was left—about $10 per month—the soldier was permitted to dispose of as he saw fit. There was, of course, no chance for the men and women in the army and navy to effect savings. After payments for life insurance and allowance for the support of families and loved ones barely enough was left for their ordinary needs.

The war was ended and, by their valor, a year sooner than expected.

The victorious heroes returned. With justified pride and deep emotion they trod again the soil of their native land amid the plaudits of the multitude. Then they were mustered out. Their swords were sheathed, their guns stacked, their uniforms laid aside, and the undramatic and crowded fields of civil life stretched before them. These young heroes had come from the farms, the villages, the towns, and the cities of every part of the land. They had given up their jobs and occupations. They had exchanged their environments for something new, something different, something uplifting. Their horizons had been widened. They had fought for great ideals and for noble objects. They had been reforged in a crucible

107343

of fire and remade in the grim school of discipline and danger. They were bigger men; they were broader men than the unsophisticated youths who entered the army as raw recruits from the farms, the plains, the mountains, and the cities of a great nation. They had to start life anew with enlarged vision, with new and finer conceptions of duty, with higher aims and ambitions. Thousands of them could not look with patience upon the narrow and provincial life from which they had been drawn. They wanted larger opportunity to make themselves useful citizens of the greatest republic of all time. They wanted a chance at a larger and more fruitful life.

But what was there to begin with except character, enlarged experience, and bright hope? They had emerged from the warm atmosphere of national welcome to find themselves in the cold atmosphere of practical, unsympathetic, indifferent civil life. Where were the jobs they had been led to believe were awaiting with warm welcome their return? Where were the opportunities which they had been told that a grateful nation would shower upon them for their heroic services, for their priceless contribution to the cause of liberty and democracy? They were gone. Jobs and opportunity had been conquered by those who stayed at home and faced no peril while the conquerors of the nation's foe were engaged on the field of battle. Life stretched before them, but what was there to start with? Not even a paltry fund which, if promptly available, would have opened up to the returned soldier the opportunity for a new and prosperous career.

It was the very need of this assistance, resulting from the inadequate pay granted the soldiers, that prompted the suggestion that a grateful nation recognize their inestimable services by increasing the compensation paid to them during the war. This is familiarly known as "adjusted compensation" or "soldiers' bonus," and since it has been under consideration for the past four years

and is an important public question it does not seem inappropriate to discuss it on this occasion.

What is "adjusted compensation" or "soldiers' bonus?"

It is a proposal that the men who fought in France and received but $1.10 per day therefor be paid an additional $1.25 per day for the period of actual service, and that the men who were held in reserve in camps in the United States and received but $1 per day therefor be paid an additional $1 per day for the period of actual service; but that in no case should the soldier in foreign service receive a total additional payment of more than $600 nor the soldier in home service a total of more than $500.

Is this an unreasonable request? Is $2.35 per day, or $70.50 per month, too much to pay to the men who endured all the dangers and horrors and sufferings of the trenches and of bloody battles? Is $2 per day too much to pay to the men who were kept in reserve awaiting orders to go to the front and fill the gaps caused by those who died in battle?

As adequate compensation for service performed, it is, of course, too little; but as evidence of gratitude and appreciation of a great duty nobly performed, it is something. As a genuine help to the four million men and women who saved the nation from grave peril, it is much. As a matter of justice, it is everything.

While these men were fighting and sacrificing for country, every class in America, protected by their valor and sacrifice, was living in safety and earning more money and making larger profits than ever before in our history. Even the civil employees of the government, more than five hundred thousand in number, who were receiving salaries of $2,500 or less per annum, were granted a bonus of $240 per year. For the past five years these civil employees have already received a total bonus of $1,200 each—twice the maximum proposed for the soldiers, and the bonus is still continuing.

The great manufacturing interests, which produced war munitions and supplies, and the great trusts and combinations in control of vital necessities for the army and the navy and the people made fabulous profits during the war because the valor of our heroes in the field made them secure in life, liberty, property, and the pursuit of profit. By contrast, how can this great nation fail to grant the claim of the men who saved the nation from disaster to the comparatively small recognition involved in the allowance of their request for a readjustment of compensation for the actual time they were in the service of their country?

A committee of the Senate, after exhaustive investigation, reported that it would require only about $1,600,000,000 to pay in cash the entire amount of the adjusted compensation or bonus to the enlisted men and women of the United States.

But immediately a cry arose from the very interests which had profited most by the valor of the soldiers, that to pay adjusted compensation would impose a greater burden upon the American people than they could bear, and that the credit of the government would be destroyed if such payment should be undertaken.

Never was there a more fallacious and unsupportable claim, and never was there an exhibition of baser ingratitude.

The nation could have paid the claims for adjusted compensation without hurt to the national credit and without imposing serious burdens upon the people. The additional compensation should be treated as a part of the cost of the war and should, like other burdens of the war, be funded into long-time obligations and the payment spread over several generations, so that the present generation should not be required to pay an undue share of it and succeeding generations should be required to pay a just share of it. We could issue fifty-year government bonds in sufficient amount to pay the bonus in cash

and thus not only discharge creditably and promptly an obligation the country justly owes but remove the question from the hands of partisan and tricky politicians who have made use of the issue for base and ignoble ends. By this method another desirable result is accomplished: Additional onerous burdens would not be imposed on the present generation, which is already staggering under a heavy load of taxation. Only the annual interest and sinking fund would have to be paid. This would not exceed a total of 5 per cent, or about $80,000,000 per annum, to take care of the interest on the bonds and the payment of the principal at maturity.

It is sheer hypocrisy to say that the nation cannot bear this relatively insignificant burden when great subsidies are granted to private interests at the expense of the people and for purposes which cannot be successfully defended. The Fordney-McCumber tariff bill was recently passed by Congress and approved by the President. It is estimated that the trusts, monopolies, combinations in restraint of trade, and other beneficiaries of this measure will be able to take from the pockets of the American people $3,600,000,000 per annum while the law is on the statute books.

In the three years that remain before this colossal subsidy can be repealed its beneficiaries will receive an estimated total of $10,800,000,000. How can such conscienceless misuse of the powers of government, such indefensible exploitation of the masses of the people, be justified when the soldiers and sailors who saved our institutions are denied a just recognition of $1,600,000,000 on the ground that to grant it would impose excessive burdens on the American people? Ten billion eight hundred million dollars for trusts and monopolies, and not one cent for the heroic defenders of their country.

But if the frank and direct method of issuing government bonds for the payment of adjusted compensation in cash should not be adopted, why should not the bene-

ficiaries of the tariff bill be required to divide their subsidy with the nation's defenders? In this way adjusted compensation could be paid without imposing new burdens upon the American people; in this way those who received the greatest material benefit from the valor of our soldiers will be required to share with them the undue profits and advantages which a complacent Congress has so generously conferred upon them. How can it be done? Let an average of the net earnings of every trust, monopoly, corporation, or beneficiary of the Fordney-McCumber tariff bill be ascertained for five years, or for some reasonable period preceding the enactment of that law. Then take each year 50 per cent of all net earnings of these tariff beneficiaries in excess of this average, while the Fordney-McCumber bill is in effect, and apply it to the payment of the soldiers' bonus.

It would be peculiarly appropriate to make these tariff beneficiaries divide with the men and women who went to France when the black clouds of disaster overhung civilization and American liberty and dispelled them with the sunshine of their heroism and sacrifice.

This is not an impractical idea. It can be formulated into a law that can be administered. The plan is analogous to that adopted by the British government for raising revenue to carry on the war. An average of the net earnings of all forms of business in Great Britain was ascertained for a period preceding the outbreak of the war, and all profits in excess of that average were treated as war profits and taxed 80 per cent. By this practical and simple plan the British government repressed the war profiteer and forced those who profited by the war to contribute 80 per cent of those profits to the national defense fund instead of permitting excessive profits arising from abnormal conditions created by the war to be retained for private ends.

There are those who say that our enlisted men and women should not be paid additional compensation because they will waste the money—that no benefits will, there-

fore, be conferred upon them. This is, of course, mere assertion based neither upon fact nor reason. Arguing from human experience and the natural tendency of most men and women to save money and not to waste it, to use it wisely and not to lose it, it is more reasonable to assume that the great majority will use the money beneficially. But assuming, for the sake of argument, that justice demands that the claims of the soldiers be paid, or that the gratitude of a saved nation prompts the payment, it is no answer to say that justice should be denied or gratitude stifled upon the mere assumption that those entitled to justice or those who should be the recipients of the nation's gratitude may not use the rewards wisely or beneficially. We cannot satisfy the demands of justice by being unjust nor manifest gratitude by refusing to be grateful. If the soldiers are entitled to the bonus either because justice demands it or gratitude prompts it, it should be paid to them no matter what they may do with it. In its final analysis it is an affront to enlisted men and women to assume that they are so worthless and incompetent that they will not make proper use of a payment to which they are in justice entitled.

There are others who say that the bonus should not be paid because it will "commercialize patriotism." This is merely trying to satisfy conscience with a phrase. If it be commercializing patriotism to increase the pay of the soldier for the dangerous work he did in the war, then why is it not equally commercializing patriotism to pay him anything whatever for serving in the war? The argument must be carried to its logical conclusion. Either he should be paid within reasonable limits to the full extent of the nation's ability to pay, or he should not be paid at all. If patriotism is to be exacted of the soldier without cost, then in time of war all civilian effort should be drafted without cost, and no profit should be allowed to private enterprise or service as a contribution to the war effort. The most unfair and unjust thing that the opponents of the soldiers' bonus have done to the

four million gallant men and women who fought the war is this attempt to impeach their patriotism. A greater wrong could not be done. If it would commercialize patriotism to increase the pay of the soldier for the service he rendered in the war, then what can be said of the gross commercializing of patriotism indulged in by every firm, corporation, and individual who turned to the utmost profit the opportunities the war gave them?

It is not unnatural that the people should hesitate to assume new tax burdens at a time when they already are overloaded with state, local, and national taxation. Certainly these burdens ought not to be increased without convincing reasons. The opposition to the soldiers' bonus is grounded largely upon the fear that it will inevitably impose new tax burdens. But this objection is met if the bonus can be paid without increasing existing burdens through a division of the tariff subsidies already imposed upon the people or through the issuance of long-time government bonds which will distribute the burden lightly over several generations. But in no circumstances can any nation take the position that justice to any great class of its citizens shall be denied because it will cost something to do justice.

There are some things which cannot be measured in dollars. Justice is one of them. Liberty is another. Democracy is still another. Liberty and democracy are founded upon justice, and the nation must stand for justice and do justice no matter what the cost may be in blood or treasure. If we refuse to do justice to the great army of men and women who saved the nation in its hour of extremity; if we leave in the hearts of the four million defenders of the nation and in the hearts of their families and friends the feeling that the nation is not only unjust but ungrateful, may we not do a graver injury to the spirit and morale and patriotism of our people than any savings in taxation could ever compensate?

In the wave of materialism which has swept over

the land since the war was fought our higher ideals seem to have been obscured. What Armistice Day ought to celebrate instead of merely signify has not yet been secured. Perhaps these things are only in eclipse. The triumph over war, injustice, and oppression has not yet come. It may never come in full perfection, but it is our duty to fight unfalteringly for this noble end.

ADJUSTMENT OF COMPENSATION[1]

There is, as it seems to me, an economic disadvantage which rested on those men who were in the military service of the United States. The question for the Congress of the United States to determine, it seems to me, is: Shall that economic disadvantage remain a permanent thing; or is not that a debt of the nation to a certain element of the community that ought to be adjusted or paid?

All the debts of the nation for other things in connection with the war—munitions and similar things—the nation paid for; any obligations which the nation incurred were paid in full. Those things go to make up our $15,000,000,000 net debt resulting from the war. It seems to me that that also is a debt to the soldier element, an economic debt, not a sentimental debt. And when we get under way in this decade and the next decade and shoulder the debt resulting from the war—our $15,000,000,000 debt, that is a debt, too—that, additionally, that we owe to that particular soldier element; and, instead of shouldering the debt in the next two decades of the $15,000,000,000, we ought to shoulder $16,000,000,000. In other words, the nation should shoulder $16,000,000,000 and pay a debt of $1,000,000,000 to the soldier man

[1] Statement of Mr. Gilbert Bettman, chairman of the National Legislative Committee of the American Legion, before the Senate Finance Committee. From History of the Adjusted Compensation Legislation. John Thomas Taylor. p. 13-15. Special Bulletin no. 43. American Legion. Washington, D. C.

and not let that element of our social and political fabric carry that debt itself when all of the rest of the nation's obligation is borne by the entire nation.

In saying that I have not said a word about paying the men for the military risks. You cannot pay them for that. I have not said a word about paying them for the glorious service well done. You cannot pay them for that. But you can adjust that economic disadvantage which fell upon the men by reason of their being detached from the economic fabric, being told to serve at $1 a day, or $2 or $3 a day; even at that there was an economic loss which those men suffered. Shall they suffer it over again, or shall it be shouldered by the entire nation? Our view is that that debt should be shouldered by the entire nation, and not by the soldiers themselves.

So much for the justification—the basic justification for an adjustment of their compensation.

Into what channels should that adjustment of compensation be directed? It is for the benefit of the nation as a whole that that adjustment of compensation—those payments—the payment of that debt be sent into as productive channels as possible; and that is why, when this problem first came up to the Legion men—I hope we give you the suggestion that we are patriotic—before the National Soldier Beneficial Legislation Committee of the Legion, we tried to sweeten up what we call the "productive features" of our proposed bill; that is, if a man took it in cash he would get an adjustment of compensation of so much—$1 or $1.25 a day. If, however, the soldier took it to build himself a home, we sweetened it up; we made it $1.50 in the original suggestion to the Ways and Means Committee in our original bill; that was changed to 40 per cent more than the basic pay.

Those features had their origin, as I say, in an attempt on the part of The American Legion to direct as much of the adjustment of compensation into productive channels as is possible.

The idea of settling soldiers on the land, of course, is an old idea. Young men who have been temporarily detached in one way or another from social or business relations are fertile soil out of which to get men on the western lands. This is one fact of the thing, but that is not the only fact.

There is also the home aid, getting home builders. If a man can get $700 or $800 as adjustment of his compensation as a boost to buying a home, he becomes a better American citizen, and it is to the nation's advantage to try to get these men to become home owners and home-builders.

And there is the vocational feature.

The attempt was made by having these four or five options to meet the needs of all parts of the country. We were proposing a national law. Therefore, we were trying to think up an optional plan which would meet the needs of the various parts of the country. We were proposing a national law.

The west, for example. In California the American Legion has actually opposed a state bonus bill, which was a mere cash outlay, with no productive features to it, in order to get the national adjusted compensation bill passed, because the national bill had in it these land-settlement features. I do not think the Legion is particularly interested in the exact form which the land-settlement feature takes. They want something which will encourage the soldiers, and which will give opportunities to the soldiers to get upon the land and become farmers, tillers of the soil, and to permit them to get their adjustment of compensation in that shape. The particular form used is, of course, for the Congress of the United States to determine, but that is their objective.

That is the explanation of the four of five optional plans.

The fifth plan, you know, was added by the Ways and Means Committee of the House. It contains that insurance feature, which, as Senator McCumber has

said, is so attractive that there is very little doubt that it will probably be the most popular of the options.

As to the calculations of what the bill is going to cost the nation and how many will elect this and that option it is impossible to give positive figures upon that. As Mr. Taylor said, at the beginning and by reason of the opposition which a bill of this kind naturally excites, the only thing that was talked about was the cash. The average well-informed citizen that you spoke to did not know there was anything else to this bill than cash, and, of course, when a soldier was talked to he said, "Of course, I want cash." He did not know the advantages of the other plans. They are not known now. The public is lamentably misinformed as to this bill. You have to justify it as you walk upon the street. "What do you think of the bonus? Are you for handing out something?" etc. It is the same with all other features of the bill—the advantages of the bill to the nation are not known to all.

I do not like to call it the "capitalist press"—you know what I mean—the press that feels the necessity of holding back a little bit in that direction, plays up only that feature. Probably we are young in propaganda work, young in getting our views before the public. So that those features of the bill which we think would make it far more acceptable to the general public have not been played up in the way they should have been played up.

TAX REDUCTION AND THE BONUS[1]

Had the war ended the armaments, the conscriptions, and the burdens of taxation for the machinery of conflict, there might have been glory enough to compensate our soldiers for all it cost them. This the war failed

[1] From speech of Royal S. Copeland, Senator from New York, in the Senate, January 8, 1924. p. 2-4. Government Printing Office, Washington, D.C.

to accomplish. The lack of vision of those who stood and still stand in the way of happy termination of the evil controversy have ruined the aspirations and ambitions of the vast horde of young men who cheerfully answered the call to arms.

The sacrifice having failed to accomplish its purpose, there is no subjective reward except the satisfaction of having done what seemed to be a duty. In marked contrast to the exaltation which would have followed success, there are the unhappiness, the feeling of hopelessness, and the downright misery of knowing that the world has not been made safe for democracy, that world peace has not been established, and that the sacrifices and efforts were vainly made. Instead of the joy of achievement there is an overwhelming sense of failure.

I saw where the soldiers lived and where they died. I saw the trenches filled with mud and vermin. The barracks where many of our boys slept, when the cooties would permit, were not fit houses for common poultry.

I saw the ruins of great cities, where not even a tiny cottage and hardly a single room remained intact. I saw millions of acres of torn-up ground, with razed buildings and ruined homes.

I saw cemeteries where thousands upon thousands of our boys are buried and where row upon row of graves tell the story of what war means. I saw there the star of David and the cross, where Jew and gentile, Catholic and Protestant, have been laid to rest.

The dead are not the only casualties of the war. I visited the hospitals where thousands of maimed and frightfully shattered men are awaiting death or looking forward to the certainty of hampered lives.

In the museum of one hospital in Europe I saw hundreds of mutilated and ruined eyes, extracted from sons of loving mothers and now put up in glass boxes to be gazed upon as terrible reminders of what horrid war can do.

I visited Chateau-Thierry where the American soldier

demonstrated for the first time on foreign soil their equality certainly, and even their superiority, to the trained military products of the monarchies of the Old World.

When the war ended scores of doctors came to my office in the health department of the city of New York seeking a living by being appointed to the medical staff. Most of these men had enjoyed lucrative practices, but they came back from camp or battle field to find their clientele dissipated and their means of livelihood destroyed. The doctors who remained at home, innocently unconscious of the effects upon their former associates, had annexed and absorbed their business.

The members of all professions suffered in this manner. Non-professional men were just as badly off in another way. Their jobs were filled, and it took a long time to find employment of any sort.

Priority means much in employment. The year or two the men were away in the army resulted in their being passed by in the promotion lists. Because of absence, they missed opportunities—opportunities seized upon by the men on the spot. In consequence the vast majority of the veterans, even now, five years after the armistice, are filling places considerably below the ones they would be filling had there been no war.

During the war there was great inflation in every line. Wages reached previously unheard-of heights. Never before, certainly within the memory of this generation, had there been such opportunities to command high wages.

The needs of government and of society made it imperative that the essential industries be kept under full steam. Help had to be obtained at any price. There were times when the men in khaki worked twelve hours a day and even twenty in time of need, at $30 per month, in competition with civilian employees on the same job, who worked only eight hours a day for $200 or $300 per month.

Can you wonder that murmurings of discontent are heard on every side? The thing I cannot understand is why there has been such delay in attempting some adjustment of compensation between the meager stipend of the men in uniform and the high wages received by their brothers in civilian life.

The great majority of our ex-soldiers think we owe this money. They believe the government should pay it.

Personally, I don't want any man who has the slightest excuse for claiming I owe him money—I do not want any such man to go about thinking I am depriving him of his just deserts. I want to pay him. Certainly, rich Uncle Sam wants to pay the soldiers if there is the slightest evidence that a debt exists.

I would offer these patriotic men a decent adjustment of compensation. I would do this, not as a charity or as a reward but as an act of simple justice.

I would do it because the soldier honestly thinks the country owes it to him.

I would do it because we have no right to cause unhappiness to the wives and mothers of the soldiers.

I would do it because my own sense of justice says we owe a debt which should have been paid long ago.

Let no one tell me that the voters of this country are against the bonus. I know better. Even the politicians have unanimously pledged themselves to it. Consult the platform and election promises of both parties—all concerned have promised generous treatment of the veterans.

DUTY OF SERVICE[1]

America belongs to all of its citizens. All owe the duty to serve in her defense. The war was not a war merely of the soldiers who were sent to camp. It was the war of all the people of this country. There was

[1] From letter of George Huddleston, Representative from Alabama, to the C-V Newspaper Service. Congressional Record. (Current). 65: 1532. January 26, 1924.

no moral duty to serve and to suffer in defense of our country upon those who actually served as soldiers that did not rest with equal force upon citizens at large. The mere fact that a group of men were of a certain age, physical condition, and lacking in dependents was no moral reason why that group should suffer and serve to the exclusion of other groups not so situated.

It seems fundamental that the duty of service rested equally upon all citizens, irrespective of age or condition. Some were unable to serve as soldiers in the field because of physical unfitness or other conditions, but that is no reason why those who did serve in the field should suffer financial and other losses in addition to hazarding their lives and the discomforts incident to service. Justice requires that the financial burdens be equalized between the citizens who served as soldiers and those who did not serve. It is appropriate, therefore, that the general public should indemnify the soldiers against their financial losses. That such were sustained there can be no doubt.

I venture to assert that if they had been forced to make a choice between serving as soldiers and paying a reasonable bonus the vast majority of those who are now opposing the bonus would have preferred to pay the bonus of several soldiers. The only flaw in the bonus proposal is that there seems no practical way to place the burden upon profiteers, war contractors, grafters, and others who made money out of the war instead of making sacrifices for their country.

SACRIFICE SOLDIER FOR WEALTH [1]

When, after the bonus bill had been sent into "cold storage" or into eternal sepulcher, the Secretary of the Treasury disclosed his financial program, then we dis-

[1] From article Profiteers Defeat Soldier Bonus, by James A. Reed, Senator from Missouri. LaFollette's Magazine. 13: 166-7. November, 1921.

covered that the Secretary of the Treasury proposed to take the burden off those best able to pay, and that it was because he was taking the burden off those able to pay—the rich, the powerful, and the profiteer—that there would not be enough money for the soldiers' bonus.

Then it was that we learned that the soldiers were not to be asked to sacrifice for their country, but that they were to be asked to sacrifice for the rich and the powerful and the profiteer; then it was that we discovered that it was proposed to take $75,000,000 off the corporate stock tax; that it was proposed to take $90,000,000 off the taxes of those who make incomes in excess of $68,000 a year; that it was proposed to take $450,000,000 off the taxes of the profiteers, and that that tax was to be taken off of profits made in excess of 10 per cent net. Then we knew why it was and in whose interest the soldiers' bonus bill was being retired and slaughtered. It was in the interest of big money; it was in the interest of profiteers; it was in the interest of great corporations. The men who had offered themselves in sacrifice for their country were now to be streched upon the altar of great wealth and to be sacrificed for its benefit.

Then we found out that the Secretary of the Treasury did not end his theme there. So anxious was he to have great wealth relieved of its burdens that he proposed to compel the common people of the land to sacrifice still further in the way of taxes. He proposed, among other things, that we should raise the postage upon letters from 2 to 3 cents; that we should add 50 per cent to letter carriage, which is paid by all the people of the land, and that this pence—not Peter's pence, but Mellon's pence—was to be collected in every habitat in this land for the benefit of the ultra rich and in order that they might be relieved of their taxation.

He proposed to impose a tax which has been regarded as one of the greatest "nuisance" taxes ever levied upon

a people, to wit, that every man who draws a check on a bank must lick a 2-cent stamp and put it on that check or the check is not good. That, of course, was to apply to the vast mass of the people of this land, for nearly all of our business now is done through bank checks. He proposed, moreover, other taxes of similar nature, but all the time he was taking the taxes off the great fortunes of this land.

In other words, the way to remove the burden of taxation from the common people of the land is to take the taxes off the great wealth of the land. That is a sort of vicarious relief that does not commend itself to my judgment. If I can never be benefited except by having the taxes taken off those who are able to pay, then I know that the benefits will never flow down to me during my lifetime. I have an idea that if we took a million dollars taxes off the steel combination for the purpose of benefiting the country generally I would never get my part of that million dollars during this life and that I might wait through the ceaseless cycles of never-ending eternities and not a five-cent piece of it would ever flow down where I could get my shadowy hands upon it.

AFTER THE BONUS—PENSIONS[1]

Those who imagine that the soldiers' bonus has been in the United States, roughly about five million of men, safely side-tracked fail to take account of two outstanding facts: first the number of World War "veterans" and second, the traditional and almost universal weakness of ex-soldiers for public funds. The opponents of the measure appear to believe, because they have won the first battle, that the campaign is over. Such, however, is not the opinion of the veterans themselves; they have announced officially that they have only begun

[1] By Roland Hugins. Open Court. 37: 257-67. May, 1923.

to fight, and that they intend to batter at the doors of successive Congresses. The bonus will remain a political issue until it is paid, or until its tireless advocates drop it in despair.

Behind the bonus, looms the military pension, a bigger and more important problem. Adjusted compensation is to the front now; pensions will be agitated hotly ten or fifteen years hence. The two sets of demands, superficially alike, are really of a separate economic order. Some of the basic economic aspects of the bonus have received scant attention from the more rhetorical of its advocates. Undoubtedly a tremendous amount of mush has been spread over this whole question. We have heard gabble about the duty and justice of making the slacker who stayed at home and worked in a factory and wore silk shirts divide his gains with the patriot who wore khaki and went to war; and we have heard counter gabble about the iniquity of lowering the hero, by the process of paying the hero a few hundred dollars, to the level of the profiteer. We have heard warm eulogies on the hardy lads who marched fearlessly into the mouth of Hell, and cold statistics on the number of men who voluteered, the number who were drafted, the number who were sent to the front, and the number who never got beyond the training camps at home. Here is the language of prejudice and passion rather than of persuasion. Whatever sound contentions there are for granting a bonus may be stated in more sober and prosaic terms. These contentions seem to me to be the following:

The enlisted men did suffer, economically, in comparison with the man who during the war period kept his old job or got a new one in civilian life. The margin of difference was not great, but neither is the proposed amount of adjusted compensation great. The American soldier received in cash one dollar a day or $30 a month —not counting the allowances added by the government to his allotments to relatives. His food, maintenance

and clothing cost the government about $2 a day: a total compensation of $3 a day for each day in the year. This sum was less than the wage paid to most workers during the war period. According to the best figures available, those of the National Bureau of Economic Research in its report on "Income in the United States, 1909-1919," the average per capita income of persons gainfully employed in the United States for the year 1918 was $1,515. (It may be noted that the purchasing power of this $1,515 at the 1913 price level was $943—but that is beside the point.) The corresponding figure for 1917 was $1,397, and for 1919, $1,690. Under the bill recently vetoed by President Harding each soldier and sailor would have received—not however in cash—an adjusted service credit of $1 for each day's service in the United States and $1.25 for each day's service overseas or afloat, exclusive of the sixty days already covered by the two month's extra pay given each soldier and sailor at the time of his discharge. On this basis the total compensation of a private soldier, his pay plus his maintenance, would reach a yearly rate of $1,460 for service in the United States, and $1,551 for service overseas. These totals do not appear to be excessive.

Furthermore, a sound precedent in this matter should be set for the future. Under modern conditions, every person is called upon to play some role in the national defense—or aggression. Why should soldiers and sailors, who do that work which is most difficult, irksome and dangerous, be the only classes which are grossly underpaid? In wartime, there is a scarcity of men and goods, resulting in a rise, even without the help of currency inflation, of both wages and prices. Nearly every wholesaler, jobber, merchant and shopkeeper reaps unusual profits, partly by the simple process of selling at the new price levels goods obtained when costs were lower. Again, most manufacturers, great and small find themselves overwhelmed with orders at good margins; they enter that paradise, which they dream about in

peace times, where industry is stabilized, competition is suspended, and all plants are worked to full capacity. Finally, those who own natural resources in minerals, oil, coal or timber, make fortunes. In this situation the soldier, who is liable to wounds, exposure, and death, and certain of fatigue, discomfort, and insults is given a bare subsistence. That cannon fodder should be cheap, while business men have license to profiteer, seems natural only because we are used to the arrangment; it has no sanction in decency or right.

A severe economic depression has weighed upon the country during the last two years, and as a result many ex-service men have fallen in arrears. To these numerous needy ones a few hundred dollars would come as a blessing and a boon. How silly it is to talk sentimental bladderdash over an Unknown Soldier, who is admittedly dead, while refusing to do anything concrete for thousands of known soldiers who are alive and in distress!

The foregoing constitute the chief reasons why, to my mind, a bonus should be paid. There remain the fiscal considerations,—the amounts to be disbursed, and the sources of the money. The bill recently defeated, so narrowly that it is certain to be resuscitated, is badly drawn. In fact it is furtive and evasive, and at the same time clumsy. It seeks to postpone payment as long as possible, and entirely avoids any mention of ways and means. It would lay on the government, according to the treasury estimates, an obligation of over four billion dollars; yet out of that four billion only sixteen millions would be paid in cash. The rest would be spread out in the form of adjusted service certificates, of farm, home and land settlement aid, and of vocational training. The advantages of these schemes are largely illusory. Although they delay settlement, they vastly increase the cost in the long run. For example, the great majority (75 per cent) of the veterans are expected to choose the certificate plan, because they can borrow money at the banks on their certificates, up to one-half of the face

value. The worth of a certificate is to be determined, to quote the language of the bill, in this fashion: "a service certificate (will have) a face value equal to the sum of (1) the adjusted service credit of the veteran increased 25 per centum, plus (2) interest thereon for twenty years at the rate of four and one-half per centum per annum, compounded annually (such amount being approximately equal to 3.015 times the adjusted service credit of the veteran.)"

So here we have most of the obligation to be laid on the government multiplied by three, simply in order to float a dubious scheme for postponement. The authors and sponsors of this measure apparently forgot the fable of the dog who lost his meal by jumping after too big a bone. Surely four billions of dollars is a staggering sum; but a little arithmetic, happily, will demonstrate that the expense of a bonus need not be nearly so large. The total number of men entitled to receive adjusted service pay, that is, the total number of ex-soldiers, sailors and marines minus certain excluded classes, is 4,458,199. Suppose that each of these men were offered a check for, let us say, $350,—a gift which few would scorn. The total cost of that sort of bonus would be $1,560,396,650, or in round numbers, a billion and a half. Again, suppose that each veteran were given his adjusted compensation in cash at the proposed rate of $1 for each day of service in the United States and $1.25 for each day of service overseas or afloat; what outlay would then be necessary? The total cost, as I reckon is on the basis of the official statistics, would be $1,671,500,353, or in round numbers, a billion and two-thirds. This latter plan would be fairer than a flat uniform dole to each veteran, for under it every man would be compensated in proportion to the length of the time he served; so that some would receive as low as $50 and some as high as $800, with the average a little under $400. And, if as the bonus bill proposed, the maximum basic credit for any one person were limited to $625 for overseas ser-

vice, and to $500 for home service, then the total cost would be shrunk somewhat below one and two-thirds billions. Whatever approach is used, this conclusion stands out clearly; that of the four billion dollars estimated for the bonus, approximately two and a half-billions can be saved by paying in cash. Query: Why talk of anything else but cash?

Of course, even a billion and a half of dollars does not grow on bushes; it would have to be raised by taxation sooner or later. But some consolation may be drawn from the reflection that had the war lasted out the year 1918, had it, in other words, ended on December 31, 1918, instead of on November 11, the direct additional monetary cost to this country would have been $2,200,000,000, exclusive of all loans to Allies and associates. More exactly, the cost of a cash bonus would be equivalent to about five weeks of such war as the United States was waging before the Armistice. And plenty of hotheads have complained because our army did not attempt to "march to Berlin." The only real extravagance is war. In comparison to it all other national outlays are trifles.

If a resolute search were made, numerous methods of raising a billion and a half could be discovered; for example, (1) another Victory loan, (2) a tariff for maximum revenue at the ports instead of a tariff for maximum domestic prices; (3) a stiff sales tax, or (4) a capital levy. It is said that the tariff schedules recently put into effect will add $3,000,000,000 yearly to consumers' prices: that is twice the sum needed for a cash bonus. Or, again, what possible objection can there be, from the point of view of public policy, to forcing the two thousand new millionaires created by the war, along with the former millionaires who quadrupled their fortunes, and the smaller fry who made only a paltry half million or so,—what objection can there be to making these fat parasites pay through the nose? It is true that

during the war the Federal government fixed prices, and imposed a steep excess profits tax. It is also true that billions of dollars ran through these sieves, and that more billions were siphoned away surreptitiously. Our profiteers have not yet been made to disgorge.

My fundamental contention is this: that in problems of this sort, involving disbursements to soldiers and ex-soldiers from the public treasury, we should be guided by principles, rather than suffer ourselves to be swayed this way and that by sentimental pleas, or to be pushed about by political exigencies. The soundest principle which we can follow is, to my mind, the principle of compensation. The soldier is worthy of his hire. He should be paid a wage equal at least to the wage paid other laborers in wartime. And when that wage has been paid the obligation, so far as monetary payment goes, has been liquidated, unless, indeed, the soldier has suffered wounds or other disability in the discharge of his duties. The state, which sends men into war, ought to make full and adequate provision for those whose physical or mental powers are impaired in service. The government of the United States, it can be said to its credit, has recognized its obligations to war-maimed men without reservation, and now discharges that obligation more generously than has any other nation in the history of the world. It undertakes, furthermore, to provide properly for the dependent relatives of those who fall in battle, or who die from disease or disability contracted in military service. From 1917 to the end of the fiscal year 1922, the Federal government paid to World War veterans and their dependents, in the form of military and naval compensation, and military and naval insurance, the sum of $687,879,088, and furthermore expended $115,164,931 for hospital and medical services and $299,768,105 for vocational rehabilitation; a total for these three items of $1,102,812,124.

All payments of the kind we have just enumerated

are made in settlement of obligations incurred; they are but just compensation for services. At this point, however, the score is wiped clean. No veteran, discharged in sound health and returned to civilian pursuits, has any claim to be supported, or even partially supported by the government for the rest of his life. Nor has he any preferential right, that is, any right not shared by every other wage earner, to a pension in his old age. Here, too, we need a principle to guide us.

Perhaps the most significant passage in the message of President Harding vetoing the bonus bill, transmitted to Congress September 19, 1922, was the following:

> It is essential to remember that a more than $4,000,000,000 pledge to the able-bodied ex-service men now will not diminish the later obligations which will have to be met when the younger veterans of today shall contribute to the rolls of the aged, indigent and dependent. It is as inevitable as that the years will pass that pension provision for World War veterans will be made, as it has been made for those who served in previous wars. It will cost more billions than I venture to suggest. There will be justification when the need is apparent, and a rational financial policy today is necessary to make the nation ready for the expenditure which is certain to be required in the coming years. The contemplation of such a policy is in accord with the established practice of the nation and puts the service men of the World War on the same plane as the millions of men who fought the previous battles of the republic.

"It will cost more billions than I venture to suggest," said the President. Quite right! It will cost more billions than anyone dares to imagine if the five million veterans of the World War, and their widows, are to be pensioned at any such rates, and under any such lack of plan or rule, and with any such complete disregard of individual needs, as has characterized the administration of Civil War pensions. And yet pensions of some sort will certainly be paid. Does anyone believe that when the young veterans of today become aged and in some proportion indigent, they will be allowed to starve and freeze, or left to the uncertain mercies of the poor

laws? That a nation pretending to be civilized should shamefully neglect any of its old and infirm, veterans or non-veterans, male or female, would scarcely be credible if we did not have ever before us the notable example of the United States of America. Possibly the very vastness of this impending pension problem will force this country, at last, to face the economic realities of old age dependency.

Practically every nation in Christendom, except the United States, has some system of old age pensions or insurance—England, Germany, France, Italy, Australia, —most of the rest. Even in many of the so-called backward countries family tradition insures kindly care for the elderly. In China the old people sit in the sun and laugh; but in America they do not laugh, and few know or care what becomes of them. One characteristic American method of dealing with a social problem is to run it underground out of sight; let the surface of life seem fair and we are content. The indigent old are never much in evidence, and if their distress is too acute they can seek refuge in a poorhouse.

The point of the matter, financially, is this: that already the United States is spending each year for Civil War pensions alone more than half the sum needed to pension all the needy old in the country. In the fiscal year ended June 30, 1922, the Bureau of Pensions sent out pension checks aggregating $253,807,583, of which $236,151,244 went to veterans of the Civil War and their widows. Practically all the money now disbursed to Civil War veterans constitutes an old age pension for those whom it reaches, since the average age of Civil War veterans is at present seventy-eight. Between 1865 and 1922 the Federal government spent for pensions, exclusive of all payments on account of the World War made through the Bureau of War Risk Insurance and the Veterans' Bureau, the enormous sum of $6,246,898,-676—six and a quarter billions. In 1902, when the num-

ber of pensioners reached 999,446, the maximum in our history, the total annual outlay was $137,759,653, whereas in 1922, when the number of pensioners had fallen to 547,016, over four hundred and fifty thousand less, the amount disbursed in pensions had increased to $253,807,583, over a hundred millions more. To continuous demands for increases either in the amount of dole or in the number of pensioners, Congress has replied with a series of prompt capitulations. The latest congressional move, blocked only by Executive veto, was to vote an increase of $22 a month—from $50 to $72—to all Civil War veterans. Even at present thirty-three thousand Civil War veterans receive $72 a month, the law granting that sum in all cases where the veteran requires the care and attention of another person.

I am not quarreling with Civil War pensions as such. The basic principle is sound. Nearly everyone is aware, however, that the system has developed glaring defects. For one thing, the provisions on disability were gradually widened, through the insistence of veterans' organizations, until any injury or sickness, no matter how late in life incurred or how totally unconnected with military experience, was pensionable. Again, the record of applications was marked by innumerable instances of fraud, perjury and false personation, which the timidity of all Presidents except Grover Cleveland, and the laxity of all Congresses without exception, rendered easy and often successful. Further, age was made pensionable automatically, beginning at sixty-two years, and these age pensions were granted utterly without reference to need or circumstances. Greed and deception, consequently, have had large influences on the awards. It has not been infrequent to find Civil War veterans who were well and vigorous drawing substantial salaries as public employees, after having obtained their appointments under privileged conditions, and at the same time drawing large military pensions. The swinishness of those

who condone such a misuse of public money is apparent when one stops to think of the shivering old men and women who in the meantime have been hawking trifles about the streets in a vain struggle to ward off starvation.

From both a humanitarian and a financial point of view, our pension practices for the last half century have been blameworthy: rapacity on the one hand and laxity on the other. Great Britain spends about one hundred and twenty-five million dollars a year to pension one million persons,—all her old who need aid. We spend twice as much money to pension half as many people—and leave four-fifths of our elderly folk to shift for themselves. In the future matters will certainly grow much worse, unless we grasp our present favorable opportunity to mend our ways and to create just and scientific old age pension system. At the end of the Civil War the veterans of the Union armies numbered a few thousand over a million. There are now about five million three hundred thousand veterans of the World War. Shall we multiply the mistakes of the past by five?

VETO MESSAGE[1]

With the avowed purpose of the bill to give expression of a nation's gratitude to those who served in its defense in the World War I am in accord, but to its provisions I do not subscribe. The United States never will cease to be grateful, it cannot and never will cease giving expression to that gratitude.

In legislating for what is called adjusted compensation Congress fails, first of all, to provide the revenue from which the bestowal is to be paid. Moreover, it establishes the very dangerous precedent of creating a treasury covenant to pay which puts a burden, variously estimated between $4,000,000,000 and $5,000,000,000,

[1] Commercial and Financial Chronicle, 115: 1384-5, September 23, 1922. Text of veto of Soldier Bonus Bill (H.R. 10874), by President Harding.

upon the American people, not to discharge an obligation, which the government always must pay, but to bestow a bonus which the soldiers themselves, while serving in the World War, did not expect.

It is not to be denied that the nation has certain very binding obligations to those of its defenders who made real sacrifices in the World War, and who left the armies injured, disabled or diseased, so that they could not resume their places in the normal activities of life. These obligations are being gladly and generously met. Perhaps there are here and there inefficiencies and injustices, and some distressing instances of neglect, but they are all unintentional, and every energy is being directed to their earliest possible correction.

In meeting this obligation there is no complaint about the heavy cost. In the current fiscal year we are expending $510,000,000 on hospitalization and care of sick and wounded, on compensation and vocational training for the disabled, and for insurance. The figures do not include the more than $35,000,000 in process of expenditure on hospital construction.

The estimates for the year to follow are approximately $470,000,000, and the figures may need to be made larger. Though the peak in hospitalization may have passed, there is a growth in domicilization and the discharge in full of our obligations to the diseased, disabled or dependent who have a right to the government's care, with insurance liability added, will probably reach a total sum in excess of $25,000,000,000.

More than ninety-nine thousand veterans are now enrolled in some of the four hundred and forty-five different courses in vocational training. Fifty-four thousand of them are in schools or colleges, more than thirty-eight thousand are in industrial establishments, and a few more than six thousand are being trained in schools operated by the Veterans' Bureau.

Approximately nineteen thousand have completed

their courses and have employment in all cases where they desire it, and fifty-three thousand have deferred for the present time their acceptance of training. The number eligible under the law may reach close to four hundred thousand, and facilities will continue to be afforded, unmindful of the necessary cost, until every obligation is fulfilled.

Two hundred and seventy-six thousand patients have been hospitalized, more than a quarter of a million discharged and 25,678 patients are in our hospitals today.

Four hundred and sixteen thousand awards of compensation have been made on account of death or disability, and $480,000,000 have been paid to disabled men or their dependent relatives. One hundred and seventy-five thousand disabled ex-service men are now receiving compensation along with medical or hospital care where needed, and a quarter of a million checks go out monthly in distributing the $8,000,000 payment on indisputable obligations.

I recite the figures to remind the Congress how generously and how properly it has opened the treasury doors to discharge the obligations of the nation to those to whom it indisputably owes compensation and care. Though undying gratitude is the meed of every one who served, it is not to be said that a material bestowal is an obligation to those who emerged from the great conflict not only unharmed, but physically, mentally and spiritually richer for the great experience. If an obligation were to be admitted, it would be to charge the adjusted compensation bill with inadequacy and stinginess wholly unbecoming our republic. Such a bestowal, to be worth while, must be generous and without apology. Clearly, the bill returned herewith takes cognizance of the inability of the government wisely to bestow, and says, in substance, "We do not have the cash, we do not believe in a tax levy to meet the situation, but here is our note, you may have our credit for half its worth." This is not

compensation; but rather a pledge by the Congress, while the executive branch of the government is left to provide for payments falling due in ever increasing amounts.

When the bill was under consideration in the House, I expressed the conviction that any grant of bonus ought to provide the means of paying it, and I was unable to suggest any plan other than that of a general sales tax. Such a plan was unacceptable to the Congress, and the bill has been enacted without even a suggested means of meeting the cost. Indeed, the cost is not definitely known either for the immediate future or in the ultimate settlement. The treasury estimates, based on what seems the most likely exercise of the options, figures the direct cost at approximately $145,000,000 for the year 1923, $225,000,000 for 1924, $114,000,000 for 1925, $312,000,000 for 1926, making a total of $795,000,000 for the first four years of its operation, and a total cost in excess of $4,000,000,000. No estimate of the large indirect cost ever has been made. The certificate plan sets up no reserve against the ultimate liability. The plan avoids any considerable direct outlay by the government during the earlier years of the bill's proposed operations, but the loans on the certificates would be floated on the credit of the nation. This is borrowing on the nation's credit just as truly as though the loans were made by direct government borrowing and involves a dangerous abuse of public credit. Moreover, the certificate plan of payment is little less than certified inability of the Government to pay and invites a practice in sacrificial barter which I cannot sanction.

It is worth remembering that the public credit is founded on the popular belief in the defensibility of public expenditure, as well as the government's ability to pay. Loans come from every rank in life, and our heavy tax burdens reach, directly or indirectly, every element in our citizenship. To add one-sixth of the total sum of our public debt for a distribution among less that five million

out of one hundred and ten million, whether inspired by grateful sentiment or political expediency, would undermine the confidence on which our credit is builded, and establish the precedent of distributing public funds whenever the proposal and the numbers affected make it seem politically appealing to do so.

Congress clearly appraised the danger of borrowing directly to finance a bestowal which is without obligation and manifestly recognized the financial problems with which the nation is confronted. Our maturing promises to pay within the current fiscal year amount to approximately $4,000,000,000, most of which will have to be refunded. Within the next six years more than $10,000,000,000 of debt will mature and will have to be financed. These outstanding and maturing obligations are difficult enough to meet without the complication of added borrowings, every one of which threatens higher interest and delays the adjustment to stable government financing and the diminution of Federal taxes to the defensible cost of government.

It is sometimes thoughtlessly urged that it is a simple thing for the rich republic to add $4,000,000,000 to its indebtedness. The impression comes from the readiness of the public response to the government's appeal for funds amid the stress of war. It is to be remembered that in the war everybody was ready to give his all. Let us not recall the comparatively few exceptions. Citizens of every degree of competence loaned and sacrificed, precisely in the same spirit that our armed forces went out for service. The war spirit impelled. To the war necessity there was but one answer, but a peace bestowal on the ex-service men, as though the supreme offering could be paid for with cash, is a perversion of public funds, a reversal of the policy which exalted patriotic service in the past, and suggests that future defense is to be inspired by compensation rather than consciousness of duty to flag and country.

The pressing problem of the government is that of diminishing our burdens, rather than adding thereto. It is the problem of the world. War inflations and war expenditures have unbalanced budgets and added to the indebtedness until the whole world is staggering under the load. We have been driving in every direction to curtail our expenditures and establish economies without impairing the essentials of governmental activities It has been a difficult and unpopular task. It is vastly more applauded to expend them than to deny. After nearly a year and a quarter of insistence and persuasion, with a concerted drive to reduce government expenditure in every quarter possible, it would wipe out everything thus far accomplished to add now to the proposed burden, and it would rend the commitment to economy and saving so essential to our future welfare.

The financial problems of the government are too little heeded until we are face to face with a great emergency. The diminishing income of the government, due to the receding tides of business and attending incomes, has been overlooked momentarily, but cannot be long ignored. The latest budget figures for the current fiscal year show an estimated deficit of more than $650,000,000, and a further deficit for the year succeeding, even after counting upon all interest collections on foreign indebtedness which the government is likely to receive. To add to our pledges to pay, except as necessity compels, must seem no less than governmental folly. Inevitably it means increased taxation, which Congress is unwilling to levy for the purposes of this bill, and will turn us from the course toward economy so essential to promote the activities which contribute to common welfare.

It is to be remembered that the United States played no self-seeking part in the World War, and pursued an unselfish policy after the cause was won. We demanded no reparations for the cost involved, no payments out of which obligations to our soldiers could be met. I have

not magnified the willing outlay in behalf of those to whom we have a sacred obligation. It is essential to remember that a more than $4,000,000,000 pledge to the able-bodied ex-service men now will not diminish the obligation which will have to be met when the younger veterans of today shall contribute to the rolls of the aged, indigent and dependent. It is as inevitable as that the years will pass, that pension provision for World War veterans will be made, as it has been made for those who served in previous wars. It will cost more billions than I venture to suggest. There will be justification when the need is apparent, and a rational financial policy today is necessary to make the nation ready for the expenditure which is certain to be required in the coming years. The contemplation of such a policy is in accord with the established practice of the nation, and puts the service men of the World War on the same plane as the millions of men who fought the previous battles of the Republic.

I confess a regret that I must sound the note of disappointment to the many ex-service men who have the impression that it is as simple a matter for the government to bestow billions in peace as it was to expend billions in war. I regret to stand between them and the pitiably small compensation proposed. I dislike to be out of accord with the majority of Congress which has voted the bestowal.

The simple truth is that this bill proposes a government obligation of more than $4,000,000,000 without a provision of funds for the extraordinary expenditure, which the executive branch of the government must finance in the face of difficult financial problems, and the complete defeat of our commitment to effect economies. I would rather appeal, therefore, to the candid reflections of Congress and the country, and to the ex-service men in particular, as to the course better suited to further the welfare of our country.

These ex-soldiers who served so gallantly in war, and who are to be so conspicuous in the progress of the republic in the half century before us, must know that nations can only survive where taxation is restrained from the limits of oppression, where the public treasury is locked against class legislation, but ever open to public necessity and prepared to meet all essential obligations. Such a policy makes a better country for which to fight, or to have fought, and affords a surer abiding place in which to live and attain.

SOLDIERS' BONUS [1]

The bill on its face proposes to pay for adjusted overseas service $1.25 a day, with a maximum limitation of $625; to pay for adjusted home service $1 a day, with a maximum of $500.

This looks good on its face, but the soldier, having computed his number of days' service and examined the benefits provided will find that—

1. Only those men whose total compensation is $50 or less will receive cash. This means that the men who served the shortest time, had the least service, and made the fewest sacrifices will be first paid, and the only ones who will be paid in full in cash.

2. The veteran, then, has his choice, and only one choice, of five different methods of payment: The first a twenty-year insurance policy, payable in 1942, with a borrowing value of 50 per cent of its total if presented before September, 1925. If the veteran borrows and fails to pay back the loan, it will be forwarded by the bank to the government and the balance will be held for him or his heirs for twenty years, or until the year 1942.

If he wishes to borrow he must, under a plan yet

[1] From speech of Harry B. Hawes. Congressional Record. 62: 4030-2. March 17, 1922.

to be devised by the Secretary of the Navy and the Secretary of War, make his note for 50 per cent of the amount due him, present it to some bank or trust company, be properly identified, present his note accompanied by his certificate, and then, if the bank desires to loan him the money (a matter which is entirely optional with the bank) he may, after identification and the presentation of his personal promissory note and the government's certificate, borrow 50 per cent of his insurance policy. For this he must pay the then rate of interest charged on commercial paper, the only limitation being that the rate of interest shall not exceed 2 per cent the rate of commercial paper on that date.

Of course, ten different schemes will be devised, by way of commission for the inducement of expediting payment, to make this interest any amount which the institution or "go-between" may determine.

It is estimated that the average value of the paid-up insurance will be $325. This would give it a loan value at 50 per cent of $162.50.

It must not be understood that each veteran will receive this amount. Approximately one-half of the amounts paid will be less than this, varying from $162.50 down to $50, which amount and below which will be paid in cash.

This insurance feature will be accompanied by conditions, exceptions, bookkeeping, red tape, affidavits, and so forth, which will keep a small army of clerks busy for twenty years.

The recording, correcting, marking of changes of residence, keeping a record of the different amounts of loans, the different interest of each loan, the payment and non-payment of loans, and continuing this record for twenty years, with records of deaths in the interim, will require an immense bureau and prove of tremendous expense.

Instead of the government paying in cash, by one transaction, direct to the soldier, the banks of the coun-

try will, through patriotic motives, be compelled to advance this money. It will take from circulation and "freeze" at least $300,000,000 of the banks' assets for a period of three years, withdrawing just this amount of available money and credit from the use of the farmer, the merchant, the manufacturer, and the business man generally, creating a higher rate of interest and adding to the difficulties of a national financial situation which has now begun to adjust itself.

This method of payment will be one, in my opinion, which will be asked for by 85 per cent of our soldiers, will be troublesome and harassing to the soldier, embarrassing and annoying to the bank, increase the general interest rate of borrowers throughout the United State and place on the Federal government an extensive and enlarged bookkeeping and accounting system. It will be objectionable to the soldier, injurious to the banks, and expensive to the government.

But a very small per cent of veterans will accept vocational training, and how any man can be expected under the farm or home aid to be tempted by that proposition is beyond my comprehension.

The limited amount of money which he will draw will hardly permit him to pay for a team of Missouri mules. He could not buy a house, put a fence around his few acres of land, dig a well, or buy farm implements; nor would it permit him to have enough money to carry him through the period in which his crops were growing.

The last proposition of land settlement aid will have no attraction whatever for any ex-service man in my district.

Public lands have been "picked over" for one hundred years, and what is left in the western states is either mountainous, arid, or unfit for cultivation, and at best could be used only for grazing purposes. Grazing requires a large acreage and a large investment in cattle and equipment.

It would take nearly all of the average man's bonus to travel from the eastern or central states to the point of destination and take his family with him.

It would never be successful excepting by a large movement of population, which would involve the breaking of home ties and a leap in the dark for many a poor fellow who feels the call of land.

If we had suitable public lands at a low price for actual settlers, this last proposition might be practical for a very small per cent of ex-service men.

If either of the land options are considered in large numbers, it will mean the creation of a national board and expensive machinery to supervise, direct, and control improvements, and will necessarily result in clouded titles, lawsuits, and irritation, which will take not only all profits but all the joy out of life in attempting such a venture.

I am satisfied that none of the ex-service men in my district would consider anything but cash, possibly a few the vocational training.

If the ex-service man needs anything it is cash money to tide him over the necessities of the hour, to purchase such things as his fancy or his necessities dictate. He will want to use his own judgment as to expenditures and not have the dictation of the government as to how his money shall be spent.

When he finds that he is not to receive cash but only security which can be used with a limited borrowing value, and that this security is non-negotiable, the ex-service men will not be satisfied. He will be disgrunted, irritated, and angry.

The whole government machinery necessary for such a loan is complicated, will occasion long delays, frequent trips to a bank, accompanied by witnesses—and possibly the banks will require affidavits—and all supervised by a costly system of inspection and government red tape.

It is, of course, possible during the coming primaries and election to describe in glowing terms this supposedly generous conduct of the government, but when the ex-service man actually attempts to make his collection and finds that he has been treated as a ward of the government, intrusted with but 50 per cent of his money, and that under complicated conditions for its use, and the balance held for twenty years, he will not feel grateful.

If the government intends to do this thing, why can it not be done gratefully, graciously, and honestly?

There is a possibility that some votes may be influenced in the year 1922, but it is quite certain that there will be a strong reaction and resentment in the year 1924, so that possibly the President may be right in two ways: first, politically; and second, in his consideration of the welfare of the soldier and the welfare of the taxpayer.

The Taxpayer

Turning from the deceit practiced upon the soldier, let us give some consideration to the taxpayer.

The taxpayer I mean is the citizen who stayed at home and paid and gave with hearty good-will—the men and women who fully did their "bit."

The taxpayer who in his way did his best even as the service man did his best.

This Congress has not pointed out the way to reach the war profiteer, and he will not have my sympathy nor the sympathy of the average taxpayer if he is reached, because none will have a kind word or lift a protecting hand for the man who made money out of misfortune while they gave "until it hurt" and the soldier risked his life.

The taxpayers to whom I refer are the men and women who subscribed to the Red Cross, the Knights of Columbus, the Salvation Army, the Y.M.C.A.—to

everything that could be suggested; who bought Liberty Bonds until their savings accounts were exhausted and saw them go down fifteen points, and in many cases were forced to sell at a loss; citizens whose businesses were disorganized, whose savings accounts disappeared, whose professions were neglected.

Citizens who could not borrow upon their real estate; who could not borrow money from the banks except at ruinous interest; whose business was restricted and controlled by the government, while raw materials went to Europe, sending up the prices at home.

Some of the best assistants of these taxpayers were drafted, disorganizing the force upon the farm, in the factory, in the office, and in every vocation in life.

The men and women at home did their part and made their sacrifices. Their efforts may be soon forgotten while our boys who wore the uniform have received the praise, the glory, and the public applause.

Let us be fair with this great army of men and women who stayed at home and did their "bit"; who put clothes on the backs, food in the stomachs, and guns in the hands of the men who served; to the women who knit socks, rolled bandages, planted war gardens, and made war bread.

We must not forget the men who served upon the draft and returning boards, laid aside their businesses and professions at great financial sacrifice.

We must not forget the four-minute speakers who warmed the blood and kept the fighting and sacrificing spirit alive.

We must not forget the actors, actresses, singers, and entertainers who laid aside engagements paying large sums of money to give the best they had to stir the public and cheer our men.

We must not forget that small army of teachers of conservation, thrift, and domestic economy, who made the household save so that food and clothing could go faster to fighters.

We cannot forget the prayers in the churches, the sleepless nights, the sad hearts, the long lines watching the bulletin boards, the agony of suspense, the vacant chair at home, the reduced income, the added expense.

While there was glory in the army, there was a quiet glory at home that comes with sacrifice not so conspicuous, but almost as great as those who went to the front.

Military morale is dependent largely upon civil morale, and the civil morale of our nation was perfect.

We must remember that when the German civil morale broke German military morale gave way, and the men and women who stayed at home and preserved our civil morale should be considered in the afterwar settlement.

Some of these things will fill fine pages of our history and, dividing somewhat the credit of our soldiers and sailors, they secured the respect of the world; and this respect for the United States at home in civil conduct, added to the renown won by our soldiers abroad, will be the best guaranty against future wars.

These taxpayers at home gave our boys better food and clothes than any other nation.

While England paid her soldiers $11.40 a month; France, $1.50; Japan, $1.78; Italy, $1.58; we paid our boys for overseas $33, and for home service $30.

While England allowed for total permanent disability $376.48, Canada $540, France $314, Italy $55.44, we gave $1,200.

In addition to the $60 given each soldier and sailor upon his discharge, amounting to $256,239,900, we assumed an insurance liability—exclusive of premiums paid by soldiers—of $860,154,495.65.

We had a casualty list of 205,000 men; England, 1,400,000; and France, 1,800,000. Actually in the front we had 2,805,000 men; England 9,000,000; France, 9,500,000.

And yet the taxpayer at home paid for soldier bene-

fits more money than the combined expenditure of both France and England, despite the fact that the combined casualties of these countries was fifteen times greater than our own.

The taxpayers are paying in cash every day $1,000,000 for ex-service men and their dependents.

The hospitalization bill is $78,000,000 a year; vocational training, $180,000,000. We have allowed 388,069 compensation claims, amounting to $310,969,181, and have not completed the work.

We have allowed 148,000 insurance claims, amounting to $1,321,673,335, of which $297,627,510 has been distributed.

The "stay-at-homes" created for the purpose of the war a national bonded indebtedness of $23,000,000,000, of which we must pay $6,000,000,000 within fifteen months. The annual interest on these bonds is $1,000,000,000 and it is estimated that now each family carries an additional war burden of $1,000.

The taxpayer does not complain of these expenditures nor will the voice of a single decent man or woman be raised against an extension or increased cost for sick, disabled, or dependents.

But these taxpayers are entitled to know how much money adjusted compensation will cost, who will pay it, and when it will be paid.

They should know so they may adjust themselves to the duty of meeting the expenditure when it comes. In other words, they must be thought of at the same time we are thinking of the ex-service man.

We have been discussing the national effort to do the right thing by the right-thinking taxpayer through the national government.

State Taxpayer

Some mention must be made and credit given to the taxpayers' contribution through the state.

The general tax rate in nearly every state in the union has increased, and, in addition, twenty-four states have voted bonuses amounting to $360,539,200 to be given to our service men.

In addition to these direct bonuses, many states have given exemptions and benefits of various kinds. Some give civil preference to veterans, certain exemptions from taxation, special aid to education, assistance in buying homes, and legislative assistance in procuring employment.

All of this was supplemented by thousands of volunteers who supported private organizations designed to help.

This is a fine record for the state taxpayer which will even yet be improved upon.

We must remember that the taxpayers in these twenty-four states will, in addition to the $360,539,200 voted by them, pay their full share of the national expense equally with the twenty-four states which have not contributed directly to the ex-service man.

The soldier paid the highest price for the war in risk and sacrifice, but we must not forget or belittle the sacrifices and the price paid by the taxpayer who did his work at home.

There were shirkers and "slackers" in the army and there were shirkers and "slackers" at home. These are known in their respective communities, and will each receive the severest punishment possible; that is, the contempt of the neighbors and associates.

I have been speaking of the 95 per cent of our men and women who did the fine, square thing both in the army, the navy, and at home.

We cannot separate our 4,500,000 soldiers from the rest of our 100,000,000 citizens. An injury to one is an injury to all.

This bill will not satisfy the soldier. It will not fool the taxpayer. It will not improve a critical national situation.

GENERAL CASH BONUS [1]

It is incorrect to base an argument upon the assumption that men who have entered the armed forces received only their pay, at a basic rate of $30 a month. The Senate Committee which reported the bill (S. 506) estimated that the cost per man for food, shelter, and clothing was $60 additional, or that in pay and in these necessities each man received approximately $90 a month. In other words, the Senate Committee itself estimates that the compensation thus received was equivalent to the earnings of a man outside the forces who worked twenty-six days a month at $3.46 a day. This is a rate of $1,080 a year. That happens to be very little short of estimates for the average annual earnings of employees in all industries as computed by well known economists and submitted to Congress in October, 1921, by the Joint Committee on Agriculture. The average earnings in all industries computed for 1918,—the latest year for which these figures have been prepared,—were $1,094, and by important industries were: agriculture $590, mining $1,280, factories $1,147, transportation of all kinds $1,282. That the general average of $1,094 is not too low for men in the armed forces would seem apparent from the circumstance that the earnings of four thousand wounded men who have been found through inquiry to have averaged $1,051 in the year before they entered the army.

To the compensation received by men in the armed forces as outlined above are to be added other benefits, which included not merely such incidents as medical attention and protection of their property against civil action, etc., but such substantial provisions as allowances for dependents which aggregated $298,000,000 and assumption for men in the armed forces of the whole war cost of insurance policies aggregating $39,000,000,000.

[1] From Chamber of Commerce of the United States. Referendum no. 38 on Legislation for Veterans of the World War. 22p. Mills Building, Washington, D.C. January 7, 1922.

No other government made such generous provision for the men in its armed forces and those dependent upon them.

The argument about differences in pay is based upon a false assumption. The men who went into the armed forces would not have on the average earned two or three times the wages, salaries or other earlier compensation. They were taken from all walks of life; that was the essential principle of the selective service law. Large numbers of them had never earned in any year anything like the $1,080 computed above as their real compensation; for a man with a wife and child the $1,080 became $1,380 on account of allowance for dependents.

If left free to follow civilian pursuits, men belonging to this great class would not during the war have earned as much as they obtained in compensation for their services in the armed forces. They would not in any general degree have obtained the high wages which are sometimes cited for employees in shipyards, carpenters, etc. By no stretch of imagination can all the men in the armed forces be supposed to have capabilities even as rough carpenters. Besides, all carpenters did not receive the wages that are cited. It was only the minority that could go to places often distant from their homes, and the high wages were offered these men as an inducement to get them to undertake work of the utmost importance in the public interest. This fact should be recognized without any condoning of waste on the one hand, or on the other hand any exaggeration of the facts. It is to be remembered, too, that wages were not wholly unrestrained, as advocates of a cash bonus often imply; the government set up a war labor administration, which certainly had some effect. Besides, it is to be recalled that each person whose earnings became swollen had to reckon with the income tax.

As for the comforts, etc., of the men who remained at home, there are large numbers of such men to testify

to the sacrifices of comfort they made. Furthermore, it is to be recalled that the physical training and other advantages accruing to men in the armed forces had a value for large numbers of such men far and away beyond the value of any financial reward.

For the men in the armed forces the increase in the cost of living had no effect. For the person in civilian occupation it was a cause of real concern and of individual hardship. In May, 1917, the index number for retail prices of twenty-two foodstuffs stood at 148, with the price level in 1914 as 100; in May, 1919, it stood at 181. Estimates made for the National Industrial Conference Board for shelter, clothing, fuel and light, and sundries, as well as food, would indicate that the average increase in all items of the cost of living for the average wage-earner's family in the average community was in July, 1917, slightly over 31 per cent of the cost in July, 1914, and in July, 1919, was 72 per cent. The cause of this increased cost of living lay in the war itself,—in the large part of the country's production that had to be diverted to the uses of the armed forces and to the inflation of credit to which the government had to resort to finance the war. What the results of inflation have been and how they operated may be indicated by reference to the average earnings for employees in the industries in 1918 already given, $1,094; the purchasing power of these 1918 earnings has been computed to have been only 94 per cent of the 1913 earnings.

There was no abnormal increase in savings deposits; between 1915 and 1917 the increase was $421,000,000. For two-year periods the percentages of increase have been:

1911-13	12.2 per cent
1913-15	5.7 per cent
1915-17	8.4 per cent
1917-19	8.9 per cent

The faults in the arguments that the men in the armed forces alone have lacked protection for their pecuniary interests have been pointed out above. The argument proceeds upon the assumption that the rest of the population had unusual and abnormal prosperity. To demonstrate the falsity of this assumtion it is only necessary to recall the hardships of the great body of the population which did not receive additional income or only such an addition as was inadequate in the face of the heightened cost of living. Public employees in civil capacities may be taken as a class that was representative. There are data regarding their compensation. For all such employees the purchasing power of their compensation in 1918 was only 68 per cent of the purchasing power of their 1913 compensation and was 20 per cent less in 1918 than in 1917.

As for the protection given to industries, it is to be recalled that prospective profits had no consideration in the settlement of contracts terminated after the Armistice, that resort was had to elaborate means of controlling other contracts, and that contracting with the government under these conditions was anything but uniformly profitable. If there were profits, they were subjected to the most rigorous taxation any country devised. The result can be seen in the computations made by the agency already quoted; whereas in 1910 over 3 per cent of the national income went into the surplus of corporations (where 80 to 90 per cent is used for safeguarding and expanding the business) in 1918 the percentage was 2.75 and in 1919 it was 1.97. One of the directors of the agency which made these computations last year published studies of his own which indicate that, whereas in 1913 over 18 per cent of the value added by mining, manufacturing, railroad and public utility corporations was distributed in dividends, the percentage in 1917 was 15 and in 1919 was 11. Such figures indicate the gross error that arises if exceptional cases are taken as bases for generalization and show

that, when means for meeting the post-war period of readjustment should have been under heavy accumulation, they were proportionately falling away.

The figures used to show payments made to veterans after the war require comments and some correction. In the first place, it is to be recalled that no country has made so generous provisions for the men who were wounded and for dependents of men who were killed. It is to be borne in mind, too, that Australia, which is cited in various connections, used wholly the volunteer system to fill its army; inducements both in pay and promises were given to make the volunteer system provide the necessary men.

For the table of post-war payments given to veterans by other countries the Senate committee did not give its authority. The Legislative Reference Division of the Library of Congress has made a study from the official records and shows that, *at normal rates of exchange,* the amounts were, with cents omitted:

Italy	$34 to $63
France	74 to 233
Australia	32 to 98
Great Britain	24 to 140
Canada	70 to 600

If the rates of exchange prevailing in August, 1921, are taken, i.e., taken at the time when the material was compiled, the figures for Italy have to be reduced by 77 per cent, those for France, by 60 per cent, those for Great Britain by 25 per cent, and those for Canada by 10 per cent. It is clear, therefore, that most of these countries gave a bonus at discharge equivalent to our $60 bonus, differing from us in using graduated rates whereas we used a flat rate. That the maximum should go highter for them is to be expected, because for them the war was much longer.

It is a sufficient answer to any argument based upon the cost of recruiting men to point out that not only

a new method of recruitment was put in operation but a whole body of new legislation to take from the individual in the armed forces the burden of losses due to war and place it upon the public. Under that legislation the country is faithfully discharging the duty it undertook in compensation for death and injury, vocational rehabilitation, and insurance at public cost against all risks to life incident to service in the armed forces. For these purposes the goverment is now spending about $450,000,000 a year.

The payments which are asked as adjusted service pay would place a burden upon the treasury and the public which would have results detrimental to the whole country. From the declaration of war against Germany to the end of October, 1919, the United States spent $35,413,000,000 and of this amount raised 31 per cent, or $11,280,000,000, from taxation. That taxation was laid by the country upon itself, in order that the economic effects and disturbances of war might be to the greatest possible degree minimized and future generations left unshackled. On November 30, 1921, there was an outstanding national debt resulting from the war of $22,481,000,000.

As early as last April the Secretary of the Treasury warned Congress that while the United States was balancing its budget there was not enough surplus to meet the fixed debt redemptions, and that the disappointment in this regard had upset earlier calculations and would prevent the country from looking to any plan for refunding the floating debt to reduce the burden of taxation for two years. The only hope for any progress he saw in reduction of expenditures.

Expenditures have been reduced since the installation of the Budget Bureau, but even with reduction they require a great burden of taxation,—a burden so great that its continuing effect upon business enterprise of every kind is feared and there is already discussion of further revision of taxes which, in the case of corpora-

tions, amount practically to 15 per cent of net income.

A decision to give a general cash bonus inevitably involves either additional taxation or enlargement of the public debt through borrowing. The interest from foreign governments is currently very insufficient for any such plan; in the last year it has aggregated only $17,000,000. The amount of new taxation, if that method is used, appears from figures given below. If resort is had to borrowing, the effects will be serious upon the refunding operations the government has to carry out in regard to more than $6,000,000,000 of debt due in the next eighteen months. Whether taxation or borrowing is used, there will be effects upon the prices and business conditions that will be felt by every member of the community.

In fact, however, interest on the foreign debt should not be used, because it properly belongs to the whole country, which by loans and taxes provided the principal and which is entitled to have all proceeds applied to reduce the public debt. Taxation should not be used, because it will fall upon large parts of the population which from the vicissitudes of war conditions have suffered financial hardships equal to any veterans can be said to have undergone. Borrowing is equally inappropriate, for similar reasons.

Estimates of costs made by the Senate Committee can be taken as under-estimates. Experience with pension legislation demonstrates that Congressional figures are ordinarily too low. Taking these estimates as they stand, however,—$1,547,000,000 if every veteran accepted the proposed cash plan, $5,273,000,000 if all preferred certificates, and $4,296,000,000 if 20 per cent took cash and 80 per cent certificates, with one-third of the latter borrowing on their certificates,—one has to remember there would be a further cost, and it would be substantial. This is the cost of the administration. The House Committee on Ways and Means some time ago estimated it at $1,500.000,000 more. The conse-

quence is that the proposal that is pending avowedly contemplates expenditures from the public treasury that would range somewhere between $3,000,000,000 and $5,900,000,000. These amounts represent one-fourth to one-half of the taxes paid for the cost of the war to the end of October, 1919. If the former proved to be the amount, it would have to be expended in two and a half years; the latter would be equivalent to $250,000,000 annually for twenty years.

Any suggestion that the proposed plan will forestall further demands is illusory. If it has not been demonstrated above that the proposed plan is not justified on the basis of adjusted compensation, attention should be called to further circumstances. The plan makes no provision for payment to the representatives of veterans who died in the war or since; if compensation is due, it is surely due on account of those veterans. A total of four million eight hundred thousand men served in the armed forces, of whom about two million men were called into the armed forces within six months or less of the armistice and were the first to be given opportunity to be discharged; such men participated in by far the greater part of any economic advantages which are supposed to have been enjoyed during the war by persons outside the armed forces. Of the total of men in the armed forces, four million were in the army. Of the men in the army 2,084,000 went to France and about 1,390,000 saw actual service at the front, with 34,180 killed in action, 14,729 dead from wounds, 230,000 other wounded men, and 4,434 taken prisoners; yet it is proposed to distinguish between the man who remained in the United States and the man who was under fire by a payment of 25 cents a day. That the proposed plan would be only a beginning appears from the circumstance that there has been no change in accordance with state legislation. Sixteen states have provided for cash bonuses to their veterans in amounts aggregating $229,000,000, or an average approximating $120 per

man. In this connection, it is to be remembered that during the war against Germany the states were called upon to sustain no such part of the expenses of raising forces as during the Civil war.

ARGUMENT AGAINST THE MEASURE[1]

The opponents answer:

1. That it is economically impossible. That with the present heavy burden of taxation, the outstanding private and public loans to foreign and domestic creditors, the pressing need of new capital, the inevitable treasury deficit, the general depressed industrial and financial condition of the country, and the necessity within the very period fixed for the beginning of bonus payments to meet maturing government obligations of $7,000,000,000, the plan would ultimately injure those it is intended to benefit.

2. It is socially injurious, since it would lessen efficiency, notably among a great proportion of the seven hundred and fifty thousand negro veterans, upon whose willing labor great sections of our country are wholly dependent, and who, in the light of experience, are most likely to accept cash payments and, during their availability, withdraw from productive labor.

3. In the strong language of the Minority Report of Senator Thomas:

> This bill is sordid and mercenary, humiliating, outrageous, and illegal. It subordinates duty to the sordid and degrading influences of pelf and profit, makes the army an agency for the extortion of money from the citizen, and places the republican soldier upon a level with the mercenary soldier of fortune or adventure who acknowledges no country and depends upon fighting for his livelihood.

4. It represents the desires and determination of a highly organized and active minority. More than a majority of ex-service men, in the opinion of competent ob-

[1] From National Industrial Council. Bulletin no. 41. Soldiers' Bonus. 5p. New York. April 5, 1921.

servers and by their own expression, are either indifferent to the bonus proposals or actively opposed to them. The support of the bill, therefore, becomes political, although its economic danger is clearly recognized by many representatives who feel impelled to support it, since the great mass of citizens do not realize its burdens or the probable economic effect of the measure.

5. The enormous expenditures required by the measure lessen the capacity of the government and the people to perform their primary obligation toward the care and rehabilitation of the disabled soldier. Substantially four hundred and sixty thousand men have been medically ascertained to have been disabled in military service. The first duty of the country is to provide for them and their dependents. If the enormous provision for bonus payments is made, adequate provision for hospitalization, rehabilitation, disability and care of dependents is impossible, or the tax burden will become unbearable. In this connection, the nature of the demand is made evident by the rising appropriations already made in the discharge of this obligation. From 1918, provision for war risk insurance, care of soldiers and hospitalization has risen from $228,500,000 to $440,000,000, in 1921, with provision for $456,000,000 in 1922. If pending Congressional proposals to liberalize the eligibility requirements for disability aid are enacted, the present expenditures will be enormously increased, while it is estimated that tens of thousands of potential patients, to whom medical attention and rehabilitation is due, are yet to apply for assistance.

WHAT SHOULD WE DO FOR THE SOLDIER?[1]

If it is an adjustment between soldiers' pay and war wages and shipyard workers, then this bill is but the beginning and a small part of the adjustment. If it is

[1] From article by Elliot H. Goodwin. Nation's Business. 10: 21. April, 1922.

the total adjustment of the theoretical differential, then obviously to be either fair or justified it would have to differ with the different pay of army grades included, and state bonuses already granted would in all cases be deducted. So it is in fact a "demand" for money based presumably on a sense of injustice and the old theory of "what the traffic will bear."

Now every good citizen wants to deal justly, even generously, with the returned soldier. Most will subscribe to the slogan that nothing is too good for those who were called upon to face the bullets for the protection of those who stayed at home. But every true American will subscribe to it two conscious or subconscious reservations, and these are; provided, of course, that it is not an injury to the country for whose preservation they fought or an injury to the soldier himself.

The demand that the bonus should be paid regardless of injury to the country's finances was one that many veterans themselves resented, and it has led to the present situation in which the bill has been practically rejected and some acceptable substitutes sought. The question whether the payment of a bonus would help or injure the soldier himself is one that has not been seriously enough considered. It is high time to review the whole situation from the point of view of what fundamentally a democratic country does owe to its returned army after any war.

"We, the people," are the nation. We have a popular form of government guaranteed by a constitution —subject to amendment—which we are bound to preserve. In times of war the powers of the government over its people for war purposes are, as they must be, plenary. Those most fitted physically and mentally to fight are drafted as soldiers. Those not drafted as soldiers can be drafted for other war purposes.

The essence of popular or democratic government is control by the people as a whole, exercised in an orderly and legal way. Its greatest enemy, its greatest

threat, is control by a class, and consequently the thing to be most jealously safeguarded or prevented is the creation of classes with political power. Of all classes the most to be dreaded is a military class, and consequently the prime duty of a democratic government after a war is to reabsorb its army into its civil life, social, political, and industrial. To accomplish this no amount of effort and no expenditure of money should be witheld or begrudged.

Money with which to pay debts, support a family, build a home, secure an earning power if applied to these purposes or any one of them is an aid to the end sought. The soldier bonus bill provides money, but does it provide for its use for such or other constructive purposes? It is given to those who don't need it on the same basis as those who do, those who benefited on the same basis as those who suffered from the war. There are no strings as to its use, and a large part of it will be wasted in unproductive expenditure. It is a vast sum, but the payment to those who don't need it makes of it but a sorry dole to those who do. Is this the best that a persumably intelligent government can do for its own protection and to aid the soldier in an effort to reabsorb him into the civil life of the country? It is pitiable.

In reabsorbing the soldier into the civil life of the country, we must keep in mind that there are some so terribly injured that they and their dependents must and should be supported in reasonable comfort for the rest of their lives. There are many partially incapacitated who to a greater or less degree will need and should receive aid, not merely medical but financial. Both should be treated with the utmost possible generosity by a grateful country. The remainder, the physically and mentally sound, should ask no more than to be given the opportunity, if they need and deserve it, as soon as possible to become self-supporting members of the nation.

The provisions of the soldier bonus bill other than the cash bonus and certificate plan are aimed at this. They provide the soldier entry into reclaimed lands, aid in home building, and vocational education. But, standing alone, are they adequate? I think not. Do they cover the case of the unemployed soldier unfitted to be a farmer, not needing to build a home, unable to indulge in vocational education? Obviously not, and yet these are undoubtedly a large majority.

What, then, is needed? Three things: to tide over the period of enforced unemployment in which a willing man is unable to secure a job; to aid the man who is on the job that provides insufficient remuneration to make him and his dependents self-supporting; to bring the man willing and capable of more accomplishment in touch with the opportunity. The soldier bonus bill does none of these except in a pitiable way.

How can it be done?

Expand the present veteran legislation to cover these three points in a proper manner. Decentralize all soldier assistance that now exists in the Veterans' Bureau and that may hereafter be provided for. Administer it with local offices that come in touch with the soldier and he with them. Bring it within his range and comprehension—make him feel it is for him, not against him.

CRUSADING FOR THE BONUS[1]

The proposed bonus will add some billions of dollars to the liabilities of the government, part of which will have to be paid out of the taxation within a few years but most of which will not accrue as a demand for cash until the expiration of twenty years. The economic effect of yielding to this demand is clear and certain. The increase in the government's liabilities will not only intensify the economic privations and disabilities with

[1] New Republic. 30: 157-9. April 5, 1922.

which the American people are so much concerned, but it will seriously embarrass the government in dealing with its existing burdens. At a time of general depression and financial embarrassment it donates economic resources which, if employed upon public works, would restore business activity and some measure of general prosperity, to one class in the community irrespective of whether its members need assistance or not. Like all gratuities it will do many of its recipients more harm than good. They will treat the money as a windfall and it will tempt them to repeat the demand and to consider themselves entitled to more or less of a living at the expense of the public.

Many of them have a grievance. There were, during the war, in and out of the army, a multitude of American citizens who served their country well and who were poorly paid for their services. There were also many American citizens who served their country ill or not at all and who took advantage of the war to enrich themselves at the expense of their fellow countrymen. But the government made an honest, if not very intelligent, attempt to prevent this kind of injustice. There is no way of adequately compensating men who offer or are asked to risk their lives at the bidding of their country, but if a government ever treated its soldiers liberally and spared no expense to provide for their needs, the American government did during the war. It also attempted to prevent profiteering and where it occurred to take away in taxes a large part of the fruits. It did not succeed very well, but the job was in some measure impossible of achievement. The motive power of American economic production derives so largely from profits that if the government had gone much further in restricting the profiteering which is so often indistinguishable from profit-making, it might well have impaired the volume of military supplies needed by the army. When the fighting was over the government neglected to safeguard

the interests of the discharged soldier, but it also neglected to safeguard the economic interests of the wage-earners who had served it faithfully and intelligently in civilian capacities. There would have been much justification for an attempt to relieve the post-war privation of all ex-soldiers, but there is no justification for paying the soldiers a gratuity irrespective of need out of the public treasury, particularly when there are so many other Americans who are suffering from want.

If the arguments against the bonus, as a matter of political, financial and social expediency, are so formidable and the arguments in its favor apparently so infirm, why is the plan likely to be adopted by an overwhelming majority of both parties in the House of Representatives? Why is it so much more powerful politically than it is persuasive as a matter of public policy? The reason which is ordinarily given correctly accounts for part of this discrepancy. In every doubtful congressional district the returned soldiers are numerous enough to defeat an anti-bonus candidate either in the primaries or at the polls. They form one of those insistent minorities which under prevailing conditions decide the issue of elections. The voters who are opposed to the bonus will not necessarily support the congressman who voted against it or knife the congressman who voted for it, but the voters who are in favor of it will compensate for any inferiority in numbers by more effective unity of political action. The congressional candidate will fear the bonus-advocate just as he formerly feared the cohorts of the Anti-Saloon League. The people whom he fears he obeys.

There is, as we have said, a great deal in this explanation. It accounts for many congressional votes in favor of the bonus and it accounts for the greater strength of the bonus bill in the House than in the Senate. But it does not account for all the votes, and it certainly does not account for the approval of the bill or the lack of opposition to it which characterizes the

attitude of so many comparatively public-spirited members of Congress.

The fact is, of course, that the bonus is less unpopular with the American people than it is with the articulate public opinion of the country. Articulate public opinion is expressed through the newspapers, which are published chiefly in the cities and which usually reflect the opinions of American business. Business men of importance are opposed to the bonus. They understand better than farmers and wage-earners what the consequences will be of increasing the nation's liabilities by so many billion dollars. But particularly in the rural districts and the small towns the ordinary voter is usually not opposed. He has more imagination about the needs of his relatives and friends who entered the service and did not earn or save as much as they might have earned as if they had not entered, than he has of the predicament of American finance or the economic tribulations of the country. The men who were asked to risk their lives for the Republic are in his opinion entitled to privileged treatment. The arguments against the bonus seem to him the expression of a niggardly spirit. He conceives the American Republic as a society of small property-owners, occupied primarily in improving their economic position. If they abandon their occupations, sacrifice unusual opportunities for making money and risk the good things of life at the call of their country, their country should compensate them for their losses. It should divide up with them some of the profits which if they had not gone they might have made.

The most significant aspect of the agitation for the bonus is not so much the discrepancy between its strength as a matter of politics and its merits or its deserts as its almost pathetic association of serving the country with increasing one's property. During the war the prevailing propaganda depicted the American sol-

dier as a crusader who was risking his life on behalf of a sacred cause. Now he is depicted as a trader who is outraged because some of his fellow countrymen who did not enlist fared better than he did. Both sketches are drawn for a purpose and are partly false, but both betray the prevailing illusions and infirmities of the ordinary American mind. The bonus advocate cannot imagine any way of compensating Americans who have just fought a successful war to safeguard civilization except by giving them outright a few hundred dollars. He conceives compensation entirely in terms of possessions which its owners do not share with anybody else and which they use as they please. It was according to this conception of what an American citizen is entitled to that the national domain was divided up; and to this day, although the richest part of the national domain is distributed, the association between property and patriotism, between self service and public service seems to have lost none of its earlier vitality.

The middle western small town American still thinks of the resources of the American commonwealth as boundless and as divisible among all good citizens. He does not realize that, as things are now, the ex-soldiers will derive billions from a diminishing surplus, that the bonus will, to a large extent, come finally out of the pockets of poor people who will have to pay by privation for the waste and that it will result in an intensified class conflict. Imagining, as he does, the American Republic to be composed of people who own property and reap profits rather than people who perform services, he does not see that what the returned American soldiers need and should have is not compensation for ungathered profits but the assurance of future opportunities for useful work. If he would turn his attention as a patriotic duty to curing irregularity of employment and to maintaining a level of living wages, he would

really do something to remove the economic grievances not only of ex-soldiers but of all faithful social workers. As it is his method of compensating the ex-soldiers will tend to increase unemployment and to lower wages, and its expense will in the end come largely out of the pockets of the class to whom the least prosperous ex-soldiers belong.

BONUS SWINDLE[1]

What should have been done is perfectly plain and simple. The bonus should have been denounced as what it is, the merest raid upon the treasury, a sordid demand for a cash payment which will bear no relation to any financial losses any given soldier may have sustained by his service and in many cases will be of no genuine benefit, an entering wedge toward repetition of the shameful history of the Grand Army's pension-grabbing. It is once more to put a cash price upon a service which in the case of those who volunteered we were assured was quite beyond price. The proposal differentiates very little between those who faced the enemy and those who took care of a mule train at El Paso, Texas. We could understand the outcry for it if it were frankly a demand on the part of those who were drafted against their wills to fight in a war they did not believe in, for then at least there would be some recognizable motive beside the desire to get one's hand into the treasury. We admit, of course, that plenty of others are doing that very same thing—to dole out the surplus in the treasury to its backers and its proteges has been the one cardinal principle of republicanism ever since it abandoned its Civil War-time ideals. But the fact that there are plenty of feet in the trough is no excuse for others trying to get theirs in, least of all men who as the government and its

[1] Nation. 114: 238. March 1, 1922.

militarists used to tell us gained so much by their service. The army, we learned, made men of them. Then why do they need a few more dollars now? Certainly nobody can claim that this treasury raid has anything to do with patriotism or the true purposes of government.

Now, whatever the disabled soldiers need we are for supplying it to them. Like everybody else who has looked into the matter we feel outraged at the treatment many of these sufferers have received. Men are breaking down every day who apparently came out of the struggle whole and sound. They should and must have the best hospital care, industrial education, psychological supervision, and cash where advisable, even if it costs the $75,000,000,000 which Senator Borah estimates it will. That so many of our 100 per cent Americans who urged these men into the struggle, or approved their being drafted, are now forgetting them is characteristic of the breed which shouts so loudly for others to fight and then stays safely at home. Believing as we do that this country committed a crime when it sent any men into the war and a double-dyed crime when it forced them in against their will, we are for making retribution to those whose lives were ruined; for them we are ready to revive the war-time slogan: "Give till it hurts." But to give huge sums to all ex-soldiers in small driblets is nothing less than demoralizing and debasing. If such sums must be taken out of the treasury then let them be appropriated as a whole to the general welfare in which the ex-soldiers share. It is not primarily a question of the money involved. It is not enough to say that we cannot afford the bonus, that it will raise our taxes. If it comes to that we had as soon see it given to the ex-soldiers as wasted on the army and navy we are still keeping up. It is the underlying principle for which we fight, just as it is to save the ex-soldiers themselves from the demoralizing effect of doles.

TAX REDUCTION AND THE BONUS[1]

The present burden of taxation is heavy. The revenues of the government are sufficient to justify substantial reductions and the people of the country should receive the benefits. No program, however, is feasible if the government is to be committed to new and extraordinary expenditures. The recommendations for tax reducton set forth in this letter are only possible if the government keeps within the program of expenditure which the Bureau of the Budget has laid down at the direction of the President. New or enlarged expenditures would quickly eat up the margin of revenue which now appears to be available for reducing the burden of taxation, and to embark on any soldiers' bonus such as was considered in the last Congress or any other program calling for similarly large expenditure would make it necessary to drop all consideration of tax reduction and consider instead ways and means for providing additional revenue. A soldiers' bonus would postpone tax reduction not for one but for many years to come. It would mean an increase rather than a decrease in taxes, for in the long run it could be paid only out of moneys collected by the government from the people in the form of taxes. Throughout its consideration of the problem the treasury has proceeded on the theory that the country would prefer a substantial reduction of taxation to the increased taxes that would necessarily follow from a soldiers' bonus, and I have faith to believe that it is justified in that understanding. Certainly there is nothing better calculated to promote the well-being and happiness of the whole country than a measure that will lift, in some degree, the burden of taxation that now weighs so heavily on all.

[1] From letter of A. W. Mellon, Secretary of the Treasury, to Honorable William R. Green, acting chairman, Committee on Ways and Means, House of Representatives. 6p. Washington. November 10, 1923.

WHY NOT FIGHT THE BONUS ON PRINCIPLE[1]

Mr. Cleveland in his pension battle did not make this mistake [of trying to fight the bonus issue on the ground of national poverty]. His sturdy and honest nature went straight to the point. These raids on the Federal Treasury were wicked in principle. They were a direct blow at good citizenship. They inculcated the dangerous attitude that it was the business of the government to support the people instead of the people supporting the government. They put a financial valuation upon patriotism and taught that a man must be paid in cash for doing his duty to his country. No more demoralizing idea could be set afloat. The verities of the present situation are exactly the same as those of forty years ago. The bonus is not bad because it is expensive, or because the country is poor, or because additional taxation will be needed. It is a crime because it implies a false conception of citizenship; because it transforms several million young men who ought to be the nation's pride and strength into suppliant pleaders for bounty; because it makes the honored fighters of the nation's battles "profiteers" of a particularly odious sort. Politically it is simply a scheme of public men to purchase political support at the expense of the Federal taxpayer. That is the line upon which the struggle should be waged; any other appeal will simply amount to what a cynical Frenchman once said was worse than a crime—a mistake. An appeal to the nation's conscience is the only possible escape from an attack which has already gained the most ominous headway.

[1] From World's Work. 47: 240-1. January, 1924.

UB
373
J59
c.1

Debaters' Handbook Series

olume contains a well chosen collection of reprints of argu-
th sides of the question with a brief and a carefully selected
that invites one to further reading on that subject.

Cloth. Price $1.25 unless otherwise quoted.

AMERICAN MERCHANT MARINE. Phelps. $1.50. 1920.

CENTRAL BANK. Robbins. 1910.

COMPULSORY ARBITRATION OF INDUSTRIAL DISPUTES. Beman. $2.25. 1920.

COMPULSORY INSURANCE. Bullock. 1912.

CONSERVATION OF NATURAL RESOURCES. Fanning. 1919.

DIRECT PRIMARIES. Fanning. 1918.

ELECTION OF UNITED STATES SENATORS. Fanning. 1912.

EMPLOYMENT OF WOMEN. Bullock & Johnsen. 1919.

FEDERAL CONTROL OF INTERSTATE CORPORATIONS. Phelps. 1915.

FREE TRADE VS. PROTECTION. Morgan. 1912.

GOVERNMENT OWNERSHIP OF TELEGRAPH AND TELEPHONE. Judson. 1914.

INITIATIVE AND REFERENDUM. Phelps. 1914.

MINIMUM WAGE. Reely. 1917.

MUNICIPAL OWNERSHIP. Johnsen. $1.50. 1918.

NATIONAL DEFENSE. Vol. II. Including Compulsory Military Service. Van Valkenburgh. 1919.

NATIONAL DEFENSE. Vol. III. Johnsen. $1.80. 1920.

PARCEL POST. Phelps. 1913.

PROHIBITION. Beman. 1917.

RECALL, INCLUDING JUDGES AND DECISIONS. Phelps. 1915.

SINGLE TAX. Bullock and Johnsen. 1917.

TRADE UNIONS. Bullock. 1916.

UNEMPLOYMENT. Johnsen. $1.80. 1921.

The Handbook Series

This series includes a number of subjects on public questions on which every man and woman should be well informed. The reprints are grouped (for convenience) according to the stand taken by the speaker quoted on the subject and an extensive bibliography guides one to further reading on the subject.

Cloth. Price $1.25 unless otherwise quoted.

AGRICULTURAL CREDIT. Bullock. 1915.

AMERICANIZATION. Talbot and Johnsen. $1.80. 1920.

CLOSED SHOP. L. T. Beman. 2d ed. $2.00. 1922.

DEBATERS' MANUAL. Phelps. 4th ed. $1.50. 1922.

DISARMAMENT. Reely. $2.25. 1921.

EMPLOYMENT MANAGEMENT. Bloomfield. $2.40. 1919.

EUROPEAN WAR. Vol. II. Bingham. 1916.

FUTURE OF PROHIBITION. Beman. In preparation.

THE HANDBOOK SERIES—*Continued*

GOVERNMENT OWNERSHIP OF COAL MINES. Johnsen. $2.40. 1923.

MODERN INDUSTRIAL MOVEMENTS. Bloomfield. $2.40. 1919.

MUNICIPAL GOVERNMENT. Beman. $2.40. 1923.

NEGRO QUESTION. Johnsen. $2.25. 1921.

PRISON REFORM. Bacon. 1917.

PROBLEMS OF LABOR. Bloomfield. $2.40. 1920.

SHORT BALLOT. Bullock. 1915.

SOCIAL INSURANCE. Johnsen. xlvi,381p. $2.40. 1922.

SOCIALISM. Robbins. 1915.

STUDY OF LATIN AND GREEK. Beman. $1.80. 1921.

TAXATION. Beman. $2.25. 1921.

Abridged Debaters' Handbook Series

Collections of articles for and against the subject under discussion, with a brief and bibliography

ATHLET
35c.
FORTIFI
CANA

Seri
debates
speeches
raphy a

Vol. IX
Unemp
Bonus
bor Di
Occup
tions;
Profits
tics;
Supre
constit

Vol. V
Unem
dence
Court
Tax;
Naval
Owne
Mines

Vol. V
Gover
of C

reparedness;
ervice; Federal
graph and Tele-
; Phohibi-
Test re. Immigrants;
Industrial Insurance.

III, *IV* and *VII* are out of print.

UB373.J59
Soldiers' bonus
ORO
3 7550 00161250 7
S0-GBP-207